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Quarterly Statistical & Economic Report

4th Quarter 1985

DEPARTMENT OF PLANNING AND ECONOMIC DEVELOPMENT



QUARTERLY STATISTICAL AND ECONOMIC REPORT
STATE OF HAWAII

Fourth Quarter 1985

Research and Economic Analysis Division
Department of Planning and Economic Development
State of Hawaii

This quarterly report has been prepared by the Research and Economic Analysis Division of the Department of Planning and Economic Development (DPED). The purpose of the report is to present information and analysis concerning current statistical and economic trends affecting Hawaii. Technical notes and source descriptions have been kept to a minimum. However, the staff of the Research and Economic Analysis Division will be happy to respond to any inquiries of a technical nature that readers may have (548-3062).

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1. The Economy -- Recent Trends

During the last half of 1985, Hawaii's economy began to recover from the United Airlines strike. However, the State's economy has been hindered in picking up speed by an overvalued dollar, which has discouraged growth in foreign tourism, and the rather lackluster performance of the national economy through most of 1985.

The Hawaii Economy

Overall economic activity in Hawaii during 1985 was adversely affected by the United Airlines pilots strike which began on May 17 and was settled on June 14. While other U.S. airlines were able to make up some of the loss in Mainland to Hawaii air capacity, Hawaii still experienced a sharp decline in visitors from the Mainland for the affected period, costing the State at least \$76 million in direct visitor revenues by preliminary estimates.

As a result, the value of business transactions in the State subject to general excise and use tax fell 1.7 percent in the second quarter, and for the first nine months of the year were up only 1.7 percent from the same period of 1984.

Personal income also increased only 6.0 percent in Hawaii for the first half of 1985 due to the United Airlines strike compared to 6.9 percent nationally.

The total number of jobs in Hawaii showed a 1.2 percent increase in the first nine months of 1985, and despite the United strike, the unemployment rate for the period declined to 5.2 percent from 5.7 percent in the comparable 1984 period.

State general fund revenues for the first nine months of calendar year 1985 showed an 8.6 percent gain from the same period in 1984. A modest increase of 4.9 percent in general excise and use tax revenue was offset by healthy increases in personal and corporate income tax collections of 9.5 and 18.1 percent, respectively in the first nine months of 1985.

The total number of visitors to Hawaii in 1985 will probably show only about 1 percent increase from the year before, well below projected levels for the year. A major factor for the limited gain was, of course, the United Airlines strike which reduced westbound tourism by at least 76,000 visitors. But also contributing was the high value of the dollar on the international market, which held the count of foreign residents visiting Hawaii to 0.6 percent below 1984 levels for the first ten months of the year. Overall, Hawaii recorded only a slight 0.5 percent gain in the total number of visitors for the first ten months of 1985.

Total defense expenditures in Hawaii increased 7 percent in the first nine months of 1985 from the same 1984 period. This was a marked improvement from 1984 when expenditures increased only 1 percent for the year as a whole.

There has been considerable concern over the security of jobs at Pearl Harbor Naval Shipyard over the past year. Originally, the Navy had planned to lay off as many as 500 workers by October 1985. However, early retirements and a hiring freeze apparently reduced employment levels without requiring significant reductions in personnel. However, Congressional pressure on the Defense Department to cut spending and increase efficiency suggest that attempts to cut costs in major military areas such as Hawaii will continue.

The gradual year to year decline in the level of sugar and pineapple activity in the State continued in 1985. Sugar field and processing employment declined 4.8 percent for the first nine months of 1985 while pineapple field and processing employment fell 8.3 percent. Sugar production declined slightly in 1985 and the value of sugar sales was expected to be lower in 1985 than the \$393 million return in 1984. Pineapple production may show a decline in overall value for 1985 although the magnitude will not be known for some time.

Legislation in Congress to continue price supports for sugar were pending but appeared optimistic at this writing. The price support program is the most critical factor determining the sugar industry's survival for the near future.

Construction employment for the first nine months of 1985 averaged 18,150, up 8.5 percent from the same 1984 period. The total value of private building permits authorized during the first nine months of 1985 increased 46 percent. Among the overall construction indicators, only the value of government contracts awarded showed any decline in 1985 (down 44.6 percent for the first nine months). The total value of construction completed as reported for excise tax purposes increased 5.1 percent for the first nine months of 1985.

Overall, the number of nonagricultural wage and salary jobs in Hawaii increased 1.8 percent in the first nine months of 1985. Outside of the industries mentioned above, better than average gains were recorded in trade, up 2.4 percent and government up 2.1 percent. The only significant declines in the nonagricultural sector were recorded in manufacturing, down 3.8 percent, due mainly to declines in food processing.

In the agricultural sector, diversified agriculture showed a 7.2 percent decline in number of jobs for the first nine months of 1985, however, these figures are preliminary.

The U.S. Economy

The real U.S. Gross National Product (GNP) grew at an annual rate of only 1.8 percent during the first nine months of 1985, considerably below the 6.8 percent growth in 1984. It was estimated that the growth in GNP

would accelerate in the last quarter of 1985 resulting in an overall 2.5 percent rate of growth for the year. The U.S. economy has been struggling under the weight of an overvalued dollar which has hurt exports and resulted in a record trade deficit. Since May of 1985, the international value of the dollar has declined a noticeable 13 percent. Helping this decline was an agreement among five Western industrial nations in September 1985 to lower the value of the dollar by government intervention. However, the root cause of the overvalued dollar has been the U.S. budget deficit, which has absorbed considerable foreign money and increased demand for dollars.

The slow economic growth at the national level and sharp increase in money supply (M1) since March 1985 helped interest rates edge down to their lowest levels since 1979. The competition from imports plus declines in oil prices held consumer price increases to an estimated 3.5 percent in 1985 and producer prices were expected to show no overall increase for the year.

2. The Economic Outlook for Hawaii and the Nation

Based upon a generally favorable outlook for the U.S. economy in 1986, a resurgence in local construction activity, and a declining value of the U.S. dollar, the DPED forecast for Hawaii's economy in 1986 is cautiously optimistic. Further, in the absence of a recession at the national level over the next several years, Hawaii's economy should experience continuous moderate growth for the remainder of this decade.

Most national economic forecasters predict the continuation of moderate economic growth and inflation rates for the next year. The consensus forecasts of 50 national economists anticipates growth in real GNP of 3.1 percent in 1986 followed by an average growth of about 3.0 to 3.5 percent per year through the remainder of the decade.

Inflation is expected to accelerate only moderately, with the consumer price index rising about 4 percent. Moderate economic growth and low inflation will lower interest rates and unemployment slightly. Forecasters are not very confident for 1987 and beyond, mostly because of the size of the reduction in government spending for fiscal year 1987 and because the result of the effort to pass the tax reform package originally proposed by President Reagan and redrafted by Congress is not known at this time.

A summary of the national "consensus" forecast is presented in table 2-1.

The DPED forecast for Hawaii's economy in 1986 and for the balance of the decade is based on the predominant expectation that neither 1986 nor the balance of the decade will see a serious recession such as experienced in 1981-82. Should such a recession occur it would, of course, adversely affect expected economic performance at the State level.

The Hawaii forecast is based on the following assumptions:

1. Visitor arrivals and real expenditures are expected to grow 6 percent in 1986 and both are projected to grow 4 percent per year for the 1987-1990 period (essentially the DPED long-term M-F projection). Visitor spending patterns and per visitor real expenditures are assumed to remain unchanged over the forecasted period.
2. The annual rate of inflation measured by changes in the Honolulu Consumer Price Index will remain, in the 4 to 4.5 percent range.
3. The size of the resident population will grow at an average annual rate of 1.5 percent.
4. Real defense expenditures and military wages will grow at an average annual rate of 2 percent.

5. Sales of sugar and pineapple in terms of real dollar value will decline slowly over the forecast period.
6. Interest rates are assumed to remain at current levels.
7. Increases in the construction cost indexes for Hawaii are assumed to equal increases in the Honolulu Consumer Price Index.
8. There will be no significant changes in Federal and State tax laws, although current tax law rewriting efforts need to be monitored closely.
9. No major recession occurs during the forecast period.

The Hawaii forecast is summarized in table 2-2. Real personal income is projected to increase 2.5 percent in 1986, with the number of jobs up 2.9 percent. Between 1985 and 1990, real personal income is forecast to increase an average 2.2 percent per year. It is anticipated that increases in economic activity between 1985 and 1990 will add about 61,000 jobs, an annual rate of about 2.5 percent per year.

Although diversified agricultural production will expand, any increase in jobs in diversified agriculture will probably be offset by a reduction of jobs in sugar field and processing activities. Based on current knowledge, the number of military personnel is likely to stay at the 1985 level although there may be some declines in Coast Guard strength levels.

Most of the additional economic activity and jobs expected between 1986 and 1990 will be generated by the visitor industry directly and indirectly. However, a good number of the new jobs and additional income will be generated by a resurgence of construction activity in the State. As indicated in table 2-2, real construction is expected to increase 10 percent in 1986 and should average over 6 percent per year in the 1985 to 1990 period.

According to the DPED Tourism Forecasting Model, the number of U.S. visitors to Hawaii will increase about 1.7 percent for each one percent increase in GNP, all other factors remaining the same. Thus, westbound U.S. visitors would grow about 5 percent due to the growth of the national economy. For the period May-June 1986 an additional increase of about 100,000 westbound visitors is expected compared to the same 1985 period, mainly because of the comparatively low number of visitor arrivals in the period May-June 1985 when the industry was depressed by the United Airlines pilots strike. As a result, the number of visitor arrivals from other U.S. Mainland states will increase about 7 percent from 1985 to 1986.

Recent declines of the foreign value of the U.S. dollar would tend to result in faster growth for Japanese and Canadian visitor arrivals, the two most important foreign visitor markets for Hawaii. However, slower inflation in Japan and higher hotel room rates will offset some of the gains. Based on an average 10 percent decline in the foreign value

of the dollar from 1985 to 1986 predicted by UCLA Forecasting Project, and moderate economic growth for Japan and Canada, the DPED Tourism Forecasting Model predicts visitor arrivals from Japan and Canada would increase about 6 percent in 1986.

For all other visitors, eastbound U.S. visitors and other foreign visitors, the model predicts this market will grow about 4 percent, mainly due to the lower value of the U.S. dollar.

Overall, the number of overnight visitor arrivals to Hawaii will increase about 6 percent in 1986. Westbound visitor arrivals will grow about 7 percent and eastbound visitor arrivals will gain about 5 percent.

Because of the uncertainty of the economic outlook for the Nation, it is assumed that visitor arrivals for 1987 through 1990, will increase 4 percent annually, the average long-term growth rate adopted by the State Tourism Plan.

The recovery of the construction industry is expected to continue in the next five years. First, increases in income will spur investments in housing. From 1982 to 1985, personal income, adjusted for inflation, increased at an annual average of 3.5 percent. Lower mortgage rates and short-term loan rates (which builders use to buy materials and pay contractors) will also stimulate higher construction activity. The mortgage interest rates are at five year lows and the bank prime interest rate has declined from 21 percent in 1980 to 9.5 percent at present. Increases in income, lower costs of owning a home and reduced construction financing costs will result in an increase of about 10 percent in construction activity in 1986 and average 6 percent annually for the 1985 to 1990 period, based on results of the DPED construction model.

The recovery of the visitor industry and the growth of the construction industry will result in stronger gains in employment in 1986. It is anticipated that increases in economic activity will add more than 10,000 jobs to the work force in 1986. Most of the new jobs will be found in tourism-related industries. As many as 2,900 jobs will be generated directly and indirectly by growth of construction activity next year. The increase in employment will lead to increase in wage income. Lower interest rates and cutbacks in federal domestic spending will reduce the growth of transfer payments and income from rents, dividends and interests. Personal income, adjusted for inflation, is therefore expected to increase 2.5 percent in 1986 and average 2.2 percent annually to 1990.

Table 2-1.-- COMPOSITE FORECAST OF KEY U.S. ECONOMIC VARIABLES: 1985 TO 1990

[Percent]

Variable	Quarterly growth 1/										Annual growth		
	Actual		Forecast								1984 to 1985	1985 to 1986	1985 to 1990 2/
			1985				1986						
	1985		1985		1985		1986		Q 1	Q 2			
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4					
Real GNP	0.3	1.9	4.3	3.4	3.2	3.0	2.7	2.7	2.7	2.5	3.1	3.1	
Industrial production	2.1	1.3	1.2	3.4	3.7	3.3	3.1	2.8	2.8	2.3	3.0	3.7	
GNP deflator	5.4	2.6	2.3	3.5	3.7	3.9	4.2	4.3	4.3	3.7	3.7	4.4	
Consumer price index	3.3	4.2	2.4	3.4	3.9	4.1	4.2	4.5	4.5	3.5	3.8	4.5	
Producer price index	0.7	2.4	3.1	1.8	2.5	2.9	3.5	3.6	3.6	2.3	3.5	(NA)	
Disposable income	-1.6	8.1	-4.1	3.4	3.5	3.1	2.7	2.6	2.6	2.5	2.8	3.2	
Unemployment rate	7.3	7.3	7.1	7.0	7.1	7.1	7.1	7.1	7.1	7.2	7.1	6.9	
90-day Treasury bill rate ..	8.2	7.5	7.1	7.2	7.3	7.4	7.5	7.6	7.6	7.5	7.5	7.6	
AAA corporate bond rate ..	12.3	11.6	11.0	11.0	11.1	11.1	11.0	11.0	11.0	11.5	11.0	10.7	

NA Not available.

1/ Annualized percent change from previous quarter.

2/ Average annual growth per period.

Source: Eggert Economic Enterprises, Inc., Blue Chip Economic Indicators, November 10, 1985.

Table 2-2.-- DPED ECONOMIC FORECASTS FOR HAWAII: 1985 TO 1990

[Calendar years]

Economic variable	Estimated data 1985	Forecast data		Average annual percent change	
		1986	1990	85-86	85-90
Forecast assumptions: 1/					
Population (thousand)	1,057.8	1,073.5	1,138.4	1.5	1.5
Visitor arrivals (million) ..	4.90	5.19	6.08	6.0	4.4
Consumer price index (1967=100)	294.7	306.5	365.5	4.0	4.4
Sugar tax base (millions of current dollars)	400	400	400	0	0
Pineapple tax base (millions of current dollars)	180	180	180	0	0
Forecast:					
Personal income (millions of constant 1980 dollars)	11,238	11,522	12,516	2.5	2.2
Personal income (millions of current dollars)	14,494	15,456	20,020	6.6	6.7
Total jobs (1,000)	461.6	474.9	522.6	2.9	2.5
Construction	18.4	19.6	22.6	6.5	4.2
Manufacturing	21.4	22.0	22.7	2.8	1.2
Agriculture	10.1	10.2	10.3	0.1	0.4
Government	93.8	95.9	102.1	2.2	1.7
Other salary & wage jobs ..	286.9	295.7	331.5	3.1	2.9
Self-employed	31.0	31.5	33.4	1.6	1.5
Total construction (constant 1972 dollars)	562	620	764	10.3	6.3
Residential	198	231	307	16.7	9.2
Commercial	141	163	213	15.6	8.6
Government	177	170	170	-4.0	-0.8
Non-structural	47	55	74	17.0	9.5

1/ Used in forecasting other variables.

Source: Department of Planning and Economic Development, Hawaii Econometric Model Project, November 1985.

3. Income and Prices

Personal income in Hawaii will exceed \$14 billion in 1985 based on revised estimates from the U.S. Department of Commerce. During the second quarter, Hawaii personal income grew 5 percent over the same period in 1984, slightly lower than the national rate.

Hawaii continued to experience stable low rates of inflation. The Honolulu Consumer Price Index (CPI-U) for October increased only 2.9 percent above the same month in 1984. Honolulu rates have been similar to the U.S., diverging however in 1983 when the method of computing the housing component was changed, significantly reducing the rate for Hawaii.

Figure 3-1



Figure 3-2



Table 3-1.-- TOTAL PERSONAL INCOME FOR THE UNITED STATES
AND HAWAII QUARTERLY: 1980 TO 1985

[In millions of dollars]

Year/quarter	Total personal income 1/		Percent change from same quarter in previous year	
	United States	Hawaii	United States	Hawaii
1980				
1st Q	2,083,911	9,513	11.8	14.3
2nd Q	2,110,286	9,596	10.6	12.4
3rd Q	2,177,245	9,901	10.3	12.2
4th Q	2,255,417	10,232	11.4	13.1
1981				
1st Q	2,333,365	10,540	12.0	10.8
2nd Q	2,380,591	10,725	12.8	11.8
3rd Q	2,468,878	11,022	13.4	11.3
4th Q	2,497,558	11,228	10.7	9.7
1982				
1st Q	2,526,681	11,344	8.3	7.6
2nd Q	2,559,790	11,527	7.5	7.5
3rd Q	2,586,533	11,769	4.8	6.8
4th Q	2,630,032	11,776	5.3	4.9
1983				
1st Q	2,651,169	12,299	4.9	8.4
2nd Q	2,704,449	12,469	5.7	8.2
3rd Q	2,755,421	12,547	6.5	6.6
4th Q	2,832,277	12,967	7.7	10.1
1984				
1st Q	2,921,828	13,138	10.2	6.8
2nd Q	2,989,330	13,517	10.5	8.4
3rd Q	3,057,274	13,685	11.0	9.1
4th Q	3,112,603	13,849	9.9	6.8
1985				
1st Q	3,159,817	14,063	8.1	7.0
2nd Q	3,190,683	14,191	6.7	5.0

1/ Seasonally adjusted, annual rates.

Source: U.S. Department of Commerce, Bureau of
Economic Analysis, October 1985.

Table 3-2.-- TOTAL PERSONAL AND DISPOSABLE INCOME FOR
THE UNITED STATES AND HAWAII: 1970 TO 1984

[In millions of dollars]

Year	Total personal income ^{1/}		Disposable income	
	United States	Hawaii	United States	Hawaii
1970	803,922	3,566	689,190	2,974
1975	1,258,643	5,785	1,090,778	5,000
1980	2,156,715	9,810	1,820,880	8,312
1981	2,420,098	10,878	2,033,353	9,243
1982	2,575,759	11,604	2,172,768	10,079
1983	2,735,829	12,570	2,332,700	10,790
1984	3,020,259	13,547	2,586,213	11,767
Percent change from previous year				
1980	11.0	13.0	10.9	12.8
1981	12.2	10.9	11.7	11.2
1982	6.4	6.7	6.9	9.0
1983	6.2	8.3	7.4	7.1
1984	10.4	7.8	10.9	9.1

^{1/} Except where noted otherwise, these represent the latest official annual data and may not be completely consistent with more recently published quarterly data.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, printouts dated August 1985.

Table 3-3.-- CONSUMER PRICE INDEX, ALL URBAN CONSUMERS (CPI-U) FOR
SELECTED ITEMS FOR HONOLULU AND THE U.S. CITY AVERAGE: 1981 TO 1985

[1967=100]

Month and year	All items	Food	Hous- ing 1/	Apparel and upkeep	Trans- portation	Medical care
Honolulu:						
1981	252.4	285.8	240.3	193.4	247.1	289.4
1982	267.6	298.8	255.0	201.5	255.6	324.3
1983	273.5	306.7	257.5	207.7	253.7	357.6
1984	284.8	319.7	268.2	205.1	265.7	379.7
U.S. city avg.:						
1981	272.4	267.3	293.5	186.9	280.0	294.5
1982	289.1	278.2	314.7	191.8	291.5	328.7
1983	298.4	291.7	323.1	196.5	298.4	357.3
1984	311.1	302.9	336.5	200.2	311.7	379.5
Honolulu:						
1984: October	287.4	322.6	271.0	200.1	268.5	384.3
December	289.8	331.3	271.1	203.2	268.2	386.8
1985: February	292.6	333.9	274.7	204.0	268.7	390.8
April ..	292.7	334.0	274.4	202.1	269.3	393.0
June ...	293.5	331.6	276.5	201.4	269.3	394.5
August .	294.2	331.3	274.3	204.1	271.7	408.3
October	295.6	328.9	276.2	207.6	273.4	410.4
U.S. city avg.:						
1984: October	315.3	304.1	340.9	205.2	316.1	387.5
December	315.5	305.1	341.2	203.2	315.8	388.5
1985: February	317.4	309.5	343.6	201.8	314.3	393.8
April ..	320.1	308.7	345.9	205.9	320.0	398.0
June ...	322.3	309.3	350.4	204.6	321.8	401.7
August .	323.5	(NA)	(NA)	(NA)	(NA)	(NA)
October	325.5	(NA)	(NA)	(NA)	(NA)	(NA)
Percent increase (Honolulu):						
1981 to 1982 ..	6.0	4.5	6.1	4.2	3.4	12.1
1982 to 1983 ..	2.2	2.6	1.0	3.1	-0.7	10.3
1983 to 1984 ..	4.1	4.2	4.2	-1.3	4.7	6.2
1984 to 1985 October	2.9	2.0	1.9	3.7	1.8	6.8

NA Not available.

1/ Change in calculation in 1983 -- housing costs measured in rental
equivalence (what owners would have to pay if they rented their homes).

Source: U.S. Department of Labor, Bureau of Labor Statistics.

4. Employment

Preliminary estimates for 1985 indicate that total jobs in the State grew by 1.2 percent, identical to the growth in the previous year. By industry, construction jobs experienced the greatest growth, increasing by 8.5 percent. The gain of 2,000 jobs in construction reversed a downward trend in the industry dating back to 1981. (See section 7 on construction.) Agricultural jobs continued to decline. The 1985 data, however, are considered preliminary and recent data from the Department of Agriculture indicate increases in diversified agricultural jobs.

The State continued to experience a lower unemployment than the U.S., averaging 5.2 percent from January to September. By comparison, unemployment averaged 7.4 percent at the national level for the same period. By county, the Big Island had the highest rate of unemployed, 8.2 percent compared with the City and County of Honolulu with the lowest, 4.6 percent.

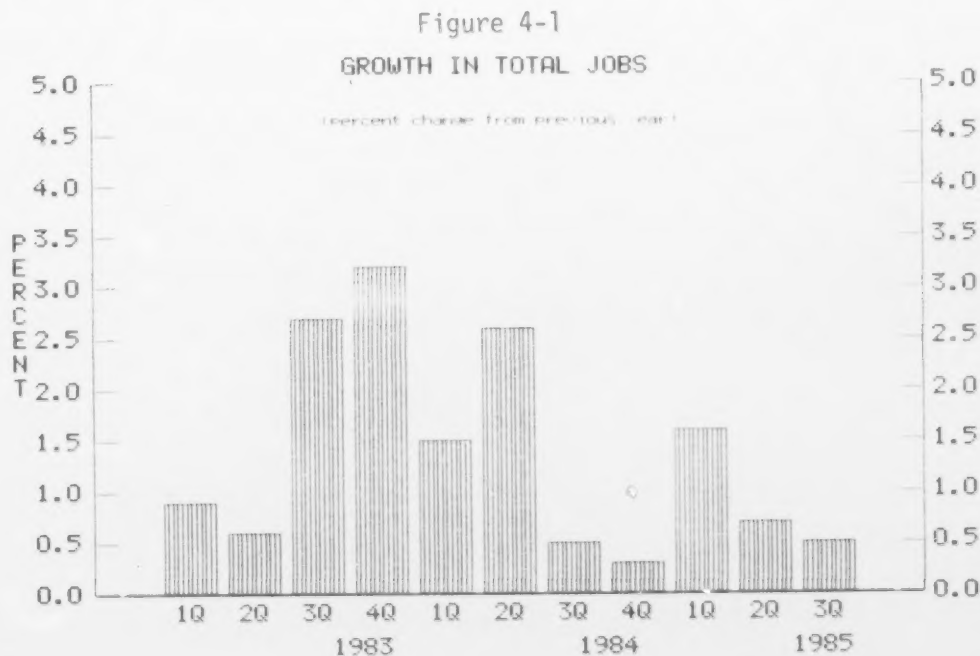


Table 4-1.-- TOTAL JOBS IN HAWAII: 1980 TO 1985

Year	Total jobs ^{1/}	Non-agriculture			Agriculture			Labor disputes
		Total	Wage & salary	Self-employed	Total	Wage & salary	Self-employed	
1980	444,100	428,450	404,100	24,350	15,150	10,650	4,500	500
1981	445,050	429,100	404,800	24,300	15,900	11,550	4,350	50
1982	440,450	425,100	399,400	25,750	15,250	11,300	3,950	100
1983	448,550	433,300	406,200	27,100	15,100	11,200	3,900	150
1984	454,100	439,200	412,450	26,750	14,450	10,800	3,650	450
1985 (Jan-Sept) ...	459,200	445,750	419,450	26,300	13,300	10,150	3,150	150
1984								
1st Q ...	450,050	436,550	409,900	26,650	13,350	9,650	3,700	150
2nd Q ...	456,950	442,300	414,850	27,450	14,650	11,050	3,600	0
3rd Q ...	454,550	438,350	411,300	27,050	15,850	11,950	3,900	350
4th Q ...	455,150	439,800	413,850	25,950	14,000	10,600	3,400	1,350
1985 (p)								
1st Q ...	457,150	444,550	418,450	26,100	12,350	9,150	3,200	250
2nd Q ...	460,300	446,700	420,600	26,100	13,450	10,400	3,050	150
3rd Q ...	456,850	445,900	419,250	26,650	14,100	10,950	3,150	0
Percent change from the same period in previous year								
1980	2.2	2.4	2.6	0.0	-1.6	-1.6	5.6	-28.6
1981	0.2	-0.1	-0.2	-0.6	5.0	8.4	-3.1	-90.0
1982	-1.0	-0.9	-1.3	6.0	-4.1	-2.5	-9.2	100.0
1983	1.8	1.9	1.7	5.2	-1.0	-0.9	-1.3	50.0
1984	1.2	1.3	1.5	-1.3	-4.3	-3.6	-6.4	211.1
1985 (Jan-Sept) ...	1.2	1.4	1.8	-2.8	-9.2	-6.5	-16.5	-20.0
1984								
1st Q ...	1.5	1.6	1.6	1.7	-1.4	-2.5	1.4	(X)
2nd Q ...	2.6	2.8	2.8	2.6	-1.7	-2.2	0.0	-100.0
3rd Q ...	0.5	0.7	1.0	-3.6	-2.5	-2.8	-1.3	0.0
4th Q ...	0.3	0.4	0.8	-5.6	-10.8	-5.4	-24.4	2,600.0
1985 (p)								
1st Q ...	1.6	1.8	2.1	-2.1	-7.5	-5.2	-13.5	66.7
2nd Q ...	0.7	1.0	1.4	-4.9	-8.2	-5.9	-15.3	(X)
3rd Q ...	0.5	1.7	1.9	-1.5	-11.0	-8.4	-19.2	0.0

p Preliminary.

x Not calculated -- data in base period equaled zero.

Note: Data rounded to nearest 50 and detail may not add to totals due to rounding.

^{1/} Total of wage and salary jobs and self-employed in agricultural and non-agricultural industries plus those jobs involved in labor disputes.

Source: Hawaii State Departments of Labor and Industrial Relations, and Planning and Economic Development.

Table 4-2.-- NUMBER OF JOBS BY INDUSTRY: 1984 AND 1985

Series	1984	Jan-Sept 1985 (p)	Percent change from previous year	
			1984	Jan-Sept 1985 (p)
Total jobs <u>1/</u>	454,100	459,200	1.2	1.2
Non-agricultural (wage & salary)	412,450	419,450	1.2	1.8
Construction	16,100	18,150	-9.6	8.5
Manufacturing	21,800	21,200	-2.5	-3.8
Food processing	10,950	10,450	-2.7	3.5
Transp., commun., utilities ...	31,850	32,400	2.4	1.9
Trade	110,550	112,650	3.5	2.4
Wholesale	18,900	19,000	2.7	0.3
Retail	91,650	93,650	3.6	2.8
Finance, insur., & real estate	31,850	32,150	-0.2	0.9
Services	108,550	109,800	3.4	1.4
Hotels	28,250	28,800	4.4	2.1
Government	91,700	93,150	0.4	2.1
Federal	32,000	32,500	-0.3	2.1
State	46,550	46,900	1.4	1.7
Local	13,200	13,750	-0.8	3.5
Agriculture (wage & salary)	10,800	10,150	-3.6	-6.5
Sugar	4,300	4,100	-4.4	-6.0
Pineapple	2,100	2,050	-8.7	-6.6
Diversified agriculture	4,400	4,050	-0.0	-7.2
Non-agricultural self-employed <u>2/</u>	26,750	26,300	-1.3	-2.8
Agricultural self-employed <u>2/</u> ...	3,650	3,150	-6.4	-16.5
Labor disputes	450	150	200.0	-20.0

p Preliminary.

1/ Total of non-agricultural and agricultural wage and salary, self-employed, and jobs involved in labor disputes.2/ Self-employed includes unpaid family workers and domestics.

Source: Hawaii State Department of Labor and Industrial Relations.

Table 4-3.-- NON-AGRICULTURAL JOBS BY COUNTY: 1980 TO 1985

Year	State	City & County of Honolulu	Hawaii County	Kauai County	Maui County
1980	404,100	333,050	28,450	15,150	27,500
1981	404,800	332,300	28,850	15,200	28,450
1982	399,400	325,700	28,700	15,150	29,900
1983	406,200	330,100	29,350	15,700	31,050
1984	412,450	334,600	30,300	15,700	31,850
1985 (Jan- Sept)	419,450	338,550	31,600	16,100	32,890
1984					
1st Q	409,900	333,100	29,800	15,600	31,350
2nd Q	414,850	336,950	30,100	15,800	32,000
3rd Q	411,300	332,950	30,550	15,850	31,950
4th Q	413,850	335,450	30,700	15,600	32,100
1985 (p)					
1st Q	418,450	338,600	31,150	16,000	32,700
2nd Q	420,600	340,200	31,350	16,100	32,950
3rd Q	419,250	338,550	31,600	16,100	33,000
Percent change from same period in previous year					
1980	2.2	2.2	2.9	6.1	4.0
1981	-0.2	-0.2	1.4	0.6	3.5
1982	-1.3	-2.0	-0.4	-0.3	5.1
1983	1.7	1.4	2.3	3.6	3.8
1984	1.5	1.4	3.2	0.0	2.4
1985 (Jan- Sept)	1.8	1.4	4.0	2.0	3.6
1984					
1st Q	1.6	1.5	1.9	1.3	3.5
2nd Q	2.8	2.7	3.1	1.6	1.5
3rd Q	1.0	0.7	3.9	-0.6	5.2
4th Q	0.8	0.6	3.9	-2.2	6.1
1985 (p)					
1st Q	2.1	1.7	4.5	2.6	4.3
2nd Q	1.4	1.0	4.2	1.9	3.0
3rd Q	1.9	1.7	3.4	1.6	3.3

p Preliminary.

Note: Data are rounded to nearest 50 and detail may not add to total due to rounding.

Source: Hawaii State Department of Labor and Industrial Relations.

Table 4-4.-- CIVILIAN LABOR FORCE AND EMPLOYMENT BY COUNTY:
1980 TO 1985

[Number of persons]

Subject and year	State	City and County of Honolulu	Hawaii County	Kauai County	Maui County
Civilian labor force:					
1980	438,000	340,350	41,950	20,000	36,750
1981	450,000	347,000	44,250	20,650	39,150
1982	460,000	352,050	45,450	21,300	42,200
1983	472,000	359,150	46,600	22,150	44,100
1984	473,000	360,400	46,850	21,850	43,900
1985 (Jan-Sept)	478,350	363,900	47,650	22,000	44,800
1984					
1st Q	470,000	358,800	46,150	21,750	43,300
2nd Q	476,250	363,100	46,900	21,950	44,300
3rd Q	472,850	358,850	47,400	22,100	44,550
4th Q	472,850	360,800	46,850	21,650	43,550
1985 (p)					
1st Q	472,900	360,800	46,600	21,650	43,800
2nd Q	482,800	367,500	48,000	22,200	45,100
3rd Q	479,450	363,400	48,400	22,150	45,550
Civilian employment:					
1980	417,000	324,750	39,300	19,050	34,850
1981	426,000	329,900	40,850	19,450	36,800
1982	430,000	330,550	41,050	19,550	38,850
1983	442,000	338,550	42,350	20,450	40,650
1984	446,000	341,350	43,100	20,350	41,200
1985 (Jan-Sept)	453,750	347,000	43,750	20,650	42,350
1984					
1st Q	443,050	340,350	42,250	20,150	40,300
2nd Q	449,700	344,650	42,950	20,450	41,600
3rd Q	446,150	339,650	43,950	20,550	41,950
4th Q	445,100	340,700	43,250	20,250	40,900
1985 (p)					
1st Q	450,600	345,400	43,200	20,450	41,550
2nd Q	457,900	350,400	43,950	20,800	42,750
3rd Q	452,750	345,200	44,150	20,650	42,800

p Preliminary.

Source: Hawaii State Department of Labor and Industrial Relations.

Table 4-5.-- CIVILIAN UNEMPLOYED AND UNEMPLOYMENT RATE BY COUNTY:
1980 TO 1985

Subject and year	State	City and County of Honolulu	Hawaii County	Kauai County	Maui County
Civilian unemployed (persons):					
1980	21,000	15,600	2,650	950	1,900
1981	24,000	17,100	3,400	1,200	2,350
1982	31,000	21,500	4,450	1,700	3,350
1983	30,000	20,600	4,300	1,700	3,450
1984	27,000	19,050	3,750	1,500	2,700
1985 (Jan-Sept)	24,650	16,900	3,900	1,350	2,450
1984					
1st Q	27,000	18,500	3,900	1,600	3,000
2nd Q	26,550	18,450	3,950	1,500	2,650
3rd Q	26,700	19,200	3,450	1,500	2,550
4th Q	27,750	20,150	3,600	1,400	2,600
1985 (p)					
1st Q	22,300	15,400	3,400	1,200	2,300
2nd Q	24,900	17,100	4,050	1,400	2,350
3rd Q	26,700	18,200	4,250	1,500	2,750
Unemployment rate (percent):					
1980	4.9	4.6 ¹	6.3	4.6	5.2
1981	5.4	4.9	7.6	5.9	6.0
1982	6.7	6.1	9.8	8.7	7.9
1983	6.5	5.7	9.2	7.6	7.8
1984	5.6	5.3	8.0	6.8	6.2
1985 (Jan-Sept)	5.2	4.6	8.2	6.1	5.5
1984					
1st Q	5.7	5.4	9.2	7.9	7.4
2nd Q	5.6	5.4	9.2	7.3	6.4
3rd Q	5.6	5.7	7.8	7.3	6.1
4th Q	5.8	5.9	8.3	6.9	6.4
1985 (p)					
1st Q	4.7	4.3	7.3	5.5	5.3
2nd Q	5.2	4.7	8.4	6.3	5.2
3rd Q	5.6	5.0	8.8	6.8	6.0

p Preliminary.

Source: Hawaii State Department of Labor and Industrial Relations.

5. Business Activity

Business activity measured by the volume of taxable transactions increased a moderate 1.7 percent for the first nine months of 1985 compared with a 11.5 percent growth for all of 1984. The slowdown reflected the relatively flat rate of growth in tourism primarily brought on by the United Airlines strike last summer, as well as declines in the sugar and pineapple industries during 1985.

Despite the slow growth of the general excise tax base, the State General Fund Tax Revenues increased by 8.6 percent, due to the net corporate income tax and net individual income tax increasing by 18.1 and 9.5 percent, respectively.

Figure 5-1

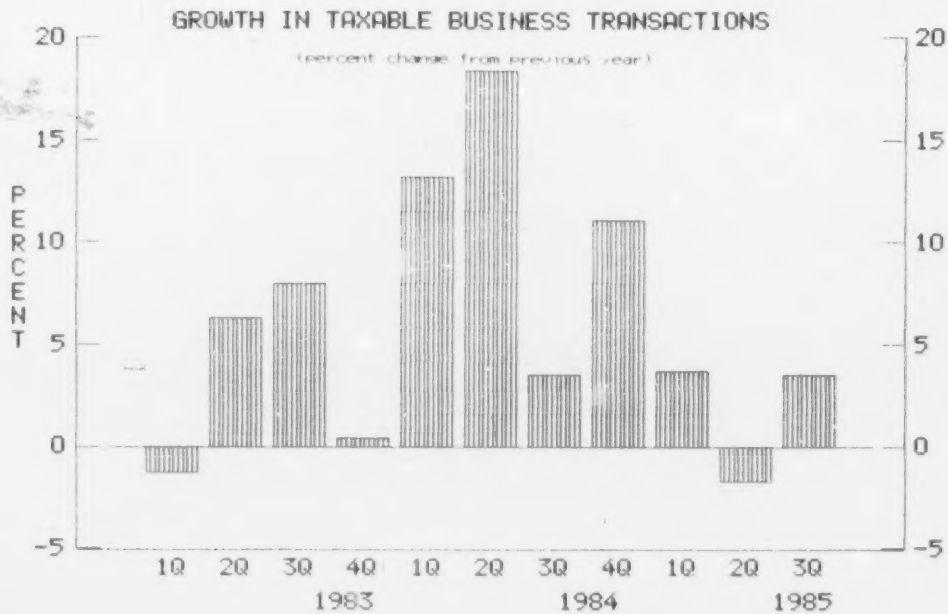


Table 5-1.-- VALUE OF BUSINESS TRANSACTIONS IN HAWAII SUBJECT TO STATE
EXCISE AND USE TAX: 1980 TO 1985

[Millions of dollars]

Year	Total taxable transactions	Selected industry transactions				
		Retailing	Services	Hotel rental	Diversified agriculture	Manu- facturing
1980	18,966.2	6,075.5	1,750.1	720.7	141.3	620.1
1981	20,903.8	6,690.7	1,792.1	759.4	173.3	615.9
1982	20,722.1	7,043.6	1,976.2	875.5	176.8	544.3
1983	21,416.8	7,458.8	2,128.5	858.2	221.6	502.3
1984	23,879.9	8,182.7	2,396.1	1,008.6	257.6	530.1
1985 (Jan-Sept)	18,458.3	6,432.3	1,885.0	902.9	191.6	396.5
1984						
1st Q	5,820.9	1,981.4	554.8	239.6	60.1	126.2
2nd Q	6,528.1	2,181.9	662.2	318.6	69.3	153.4
3rd Q	5,806.5	1,998.7	606.6	237.3	58.7	130.5
4th Q	5,724.3	2,020.8	572.5	213.0	69.5	120.1
1985						
1st Q	6,036.5	2,098.4	590.2	337.2	64.7	111.8
2nd Q	6,414.8	2,239.9	669.8	289.6	64.5	144.3
3rd Q	6,007.0	2,094.0	625.0	276.1	56.3	140.3
Percent change from same period in previous year						
1984	11.5	9.7	12.6	17.5	16.2	5.5
1985 (Jan-Sept)	1.7	4.4	3.4	13.5	1.9	-3.3
1984						
1st Q	13.2	9.2	11.2	6.8	10.6	15.2
2nd Q	18.4	14.4	16.8	45.4	18.0	22.4
3rd Q	3.5	3.3	10.0	6.1	7.9	-8.9
4th Q	11.1	12.0	12.0	11.8	28.4	-3.3
1985						
1st Q	3.7	5.9	8.3	40.7	7.7	-11.4
2nd Q	-1.7	2.7	1.2	-9.1	-6.9	-25.5
3rd Q	3.5	4.8	3.0	16.4	-4.1	7.5

Note: This series derived by lagging reported excise tax base data one month to adjust for reporting delay.

Source: Hawaii State Department of Planning and Economic Development based on raw data from Hawaii State Department of Taxation.

Table 5-2.-- COLLECTIONS OF KEY STATE TAXES AND GENERAL FUND
TAX REVENUES: CALENDAR YEARS 1982 TO 1985

[Thousands of dollars]

Year	General excise and use tax	Net individual income tax <u>1/</u>	Net corporate income tax <u>2/</u>	Tax revenues distributed to State General Fund <u>3/</u>
1982	574,590	296,757	34,785	1,011,465
1983	615,536	358,072	27,960	1,109,876
1984	669,805	413,885	39,681	1,240,352
1985 (Jan-Sept)	529,520	334,561	40,978	1,004,174
1984: 1st Q	165,120	112,154	9,588	293,272
2nd Q	173,806	81,345	14,681	313,706
3rd Q	165,634	111,966	10,437	317,326
4th Q	165,245	108,421	4,975	316,049
1985: 1st Q	174,054	108,567	7,522	315,085
2nd Q	178,697	100,301	21,903	344,413
3rd Q	176,769	125,692	11,552	344,675
Percent change from corresponding period in previous year				
1982	-0.1	-15.1	-20.2	-5.5
1983	7.1	20.7	-19.6	9.7
1984	8.8	15.6	41.9	11.8
1985 (Jan-Sept)	4.9	9.5	18.1	8.6
1984: 1st Q	6.0	18.9	48.5	9.5
2nd Q	9.0	50.1	57.1	15.9
3rd Q	9.3	3.7	-7.9	7.4
4th Q	11.0	6.6	498.7	14.6
1985: 1st Q	5.4	-3.2	-21.6	7.4
2nd Q	2.8	23.3	49.2	9.8
3rd Q	6.7	12.3	10.7	8.6

Note: This series represents data as reported by the
Department of Taxation, without adjustment.

1/ Declaration of estimated taxes, plus payments with returns,
plus withholding tax on wages, less refunds.

2/ Declaration of estimated taxes, plus payments with returns,
less refunds.

3/ Excludes non-tax sources.

Source: Hawaii State Department of Taxation.

6. The Visitor Industry

The number of visitor arrivals for the first 10 months of 1985 was only one-half percent more than in the same period in 1984, due to the effects of the United Airlines strike during the second quarter. Besides the strike, the Hawaii visitor industry was adversely affected by the strength of the U.S. dollar, which discouraged foreign travel to the U.S. and encouraged U.S. residents to travel abroad.

Westbound visitors declined in all counties except Kauai, which has continued to outpace the other counties in visitor growth since 1984.

Figure 6-1

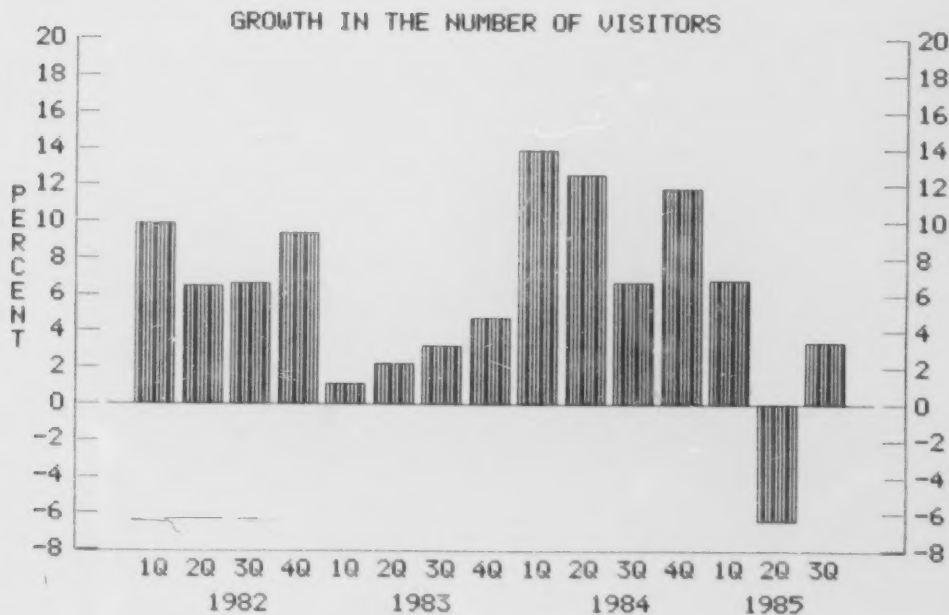


Table 6-1.-- VISITOR ARRIVALS AND AVERAGE DAILY VISITOR CENSUS:
1980 TO 1985

Year <u>1/</u>	Visitors staying overnight or longer			Average daily visitor census	
	Total	Westbound <u>2/</u>	Eastbound <u>3/</u>	Westbound <u>2/</u>	All
1980	3,934,504	3,046,132	888,372	86,788	96,497
1981	3,934,623	2,974,791	959,832	85,449	95,968
1982	4,242,925	3,278,525	964,400	94,740	105,310
1983	4,368,105	3,396,115	971,990	97,390	108,040
1984	4,855,580	3,721,380	1,134,200	106,260	118,660
1985 (Jan-Oct) ...	4,059,410	3,087,020	972,390	101,380	115,780
1984 1st Q	1,218,460	954,260	264,200	116,610	128,100
2nd Q	1,206,810	923,040	283,770	102,210	114,960
3rd Q	1,222,940	922,820	290,120	103,330	116,400
4th Q	1,207,370	921,260	286,110	102,910	114,920
1985 1st Q (r) ...	1,301,480	1,011,810	289,670	119,790	134,270
2nd Q (r) ...	1,129,550	840,150	289,400	89,510	103,820
3rd Q (p) ...	1,264,750	958,550	306,200	99,600	114,580
Percent change from corresponding period in previous year					
1980	-0.7	-3.0	8.2	-3.2	-2.2
1981	0.0	-2.3	8.0	-1.9	-1.0
1982	7.8	10.2	0.5	10.9	8.6
1983	3.0	3.6	0.8	2.8	2.6
1984	11.2	9.6	16.7	9.1	9.8
1985 (Jan-Oct) ...	0.5	0.3	3.3	(NA)	(NA)
1984 1st Q	13.9	12.9	17.7	18.4	17.9
2nd Q	12.6	11.5	16.6	8.7	9.8
3rd Q	6.7	3.2	14.9	2.4	4.1
4th Q	11.8	11.2	13.7	7.0	7.5
1985 1st Q (r) ...	6.8	6.0	9.6	2.7	4.8
2nd Q (r) ...	-6.4	-9.0	2.0	-12.4	-9.7
3rd Q (p) ...	3.4	3.9	2.0	-3.6	-1.6

r Revised.

p Preliminary.

NA Not available.

1/ Beginning in 1984, sample size reduced from 20 to 10 percent and numbers rounded to the nearest 10.

2/ Arriving from the Mainland United States or Canada.

3/ Arriving from the Orient and Pacific areas.

Source: Hawaii Visitors Bureau.

Table 6-2.-- WESTBOUND VISITORS BY COUNTY: 1981 TO 1985

Year <u>1/</u>	City and County of Honolulu	Hawaii County	Maui County	Kauai County
1981	2,398,477	672,683	1,389,892	757,811
1982	2,589,190	678,170	1,550,080	733,295
1983	2,591,575	712,380	1,644,605	691,940
1984	2,901,320	760,940	1,854,690	814,590
1985 (Jan-Oct)	2,365,340	583,110	1,544,670	699,520
1984: 1st Q	726,180	214,100	485,650	205,770
2nd Q	722,140	179,940	467,970	201,790
3rd Q	737,050	182,800	454,620	205,450
4th Q	715,950	184,100	446,450	201,580
1985: 1st Q (r)	746,460	204,500	518,510	223,240
2nd Q (r)	648,180	147,090	418,860	186,830
3rd Q (p)	754,990	173,790	466,280	220,610
Percent change from corresponding period in previous year				
1981	(NA)	(NA)	(NA)	(NA)
1982	8.0	0.8	11.5	-3.2
1983	0.1	5.0	6.1	-5.6
1984	12.0	6.8	12.8	17.7
1985 (Jan-Oct)	-2.2	-8.8	-1.1	2.1
1984: 1st Q	15.6	13.0	18.9	38.9
2nd Q	11.8	11.3	19.0	18.6
3rd Q	6.4	1.6	4.9	4.1
4th Q	14.7	1.5	8.9	14.2
1985: 1st Q (r)	2.8	-4.5	6.8	8.5
2nd Q (r)	-10.2	-18.3	-10.5	-7.4
3rd Q (p)	2.4	-4.9	2.6	7.4

r Revised from previous publication.

p Preliminary.

NA Not available.

1/ Data prior to 1981 are not comparable to later figures due to revisions. Beginning in 1984, sample size changed from 20 to 10 percent.

Source: Hawaii Visitors Bureau.

Table 6-3.-- HOTEL OCCUPANCY RATES BY AREA: 1970 TO 1985

[Percent; survey does not include some large hotel chains]

Date	State	Waikiki	Hawaii Island	Maui Island	Kauai Island
Annual average:					
1970	71.2	74.1	68.3	66.7	58.0
1975	74.1	78.3	59.9	72.3	77.2
1978	79.5	82.1	65.0	80.4	83.3
1979	73.8	77.1	62.0	73.0	76.5
1980	69.3	71.7	52.7	66.2	69.6
1981	68.2	73.9	44.9	70.3	62.7
1982	70.4	77.7	44.0	73.9	57.5
1983	70.3	76.3	46.3	75.2	57.2
1984	76.0	81.2	55.6	80.5	63.0
1985 (Jan-Sept)	77.3	82.0	57.9	79.9	67.0
1985					
January	84.4	92.1	64.0	83.4	66.6
February	92.8	95.3	83.3	95.5	85.4
March	87.1	90.0	71.7	91.3	84.4
April	73.7	74.7	56.4	83.6	66.3
May	67.6	69.4	46.3	76.7	59.0
June	66.0	74.3	38.9	64.3	51.5
July	75.9	84.8	53.8	72.1	63.5
August	81.4	85.9	62.6	83.8	70.2
September	67.6	72.8	45.3	70.2	58.2

Source: Hawaii Visitors Bureau; Pannell Kerr Forster & Company, Trends in the Hotel Industry, Hawaii.

Table 6-4.-- EXISTING HOTEL UNITS BY GEOGRAPHIC AREAS: 1970 TO 1985

Year (February of each year)	State total	City and County of Honolulu		County of Hawaii	County of Kauai	County of Maui
		Total	Waikiki			
1970	26,923	18,449	16,590	3,166	2,565	2,743
1975	39,632	25,352	21,812	5,348	3,102	5,830
1976	42,648	25,851	22,117	6,045	3,520	7,232
1977	44,986	27,363	23,627	5,929	3,657	8,037
1978	47,070	28,546	24,934	6,002	3,786	8,736
1979	49,832	30,065	26,346	6,093	4,202	9,472
1980	54,246	34,334	30,443	5,889	4,322	9,701
1981	56,769	33,967	29,473	6,705	4,738	10,713
1982	57,968	33,492	29,047	7,167	5,147	11,596
1983	58,765	34,354	30,108	7,469	4,193	12,110
1984	62,448	36,848	32,239	7,149	5,313	13,138
1985	65,919	38,600	33,879	7,511	5,656	14,152

Source: Hawaii Visitors Bureau, Visitor Plant Inventory.

Table 6-5.-- AVERAGE DAILY HOTEL ROOM RATES BY ISLANDS:
1970 TO 1985

[Dollars]

Year	State	Oahu	Hawaii	Maui	Kauai
1970	25.74	(NA)	(NA)	(NA)	(NA)
1975	29.75	(NA)	(NA)	(NA)	(NA)
1976	29.54	26.70	30.52	37.61	34.51
1977	34.28	31.87	33.08	42.59	38.45
1978	38.56	35.90	36.70	47.86	42.25
1979	44.40	41.42	41.44	57.15	47.75
1980	47.37	42.70	46.40	61.34	55.16
1981	49.87	43.16	47.16	73.44	56.06
1982	51.78	44.80	47.37	75.02	58.48
1983	55.58	47.62	50.49	81.60	59.75
1984	59.25	49.45	57.17	88.89	65.05
1985 (Jan-Sept)	68.65	57.26	63.92	98.71	70.76
Percent change from previous year					
1976	-0.7	-	-	-	-
1977	16.1	19.4	8.4	13.2	11.4
1978	12.5	12.7	10.9	12.4	9.9
1979	15.2	15.4	12.9	19.4	13.0
1980	6.7	3.1	12.0	7.3	15.5
1981	5.2	1.1	1.6	19.7	1.6
1982	3.8	3.8	0.4	2.2	4.3
1983	7.4	6.3	6.6	8.8	2.2
1984	6.6	3.8	13.2	8.9	8.9
1985 (Jan-Sept)	16.2	16.4	12.8	11.1	7.5

NA Not available.

Source: Pannell Kerr Forster & Company, Trends in the Hotel Industry, Hawaii.

7. Construction

Gross taxable receipts in construction during the third quarter of 1985 increased by 44.2 percent countering declines during previous periods, and helping the value of construction completed show a 5.1 percent increase during the first nine months of 1985.

Total private building authorizations, an indicator of future building activity, increased sharply throughout 1985 due to the growth in residential authorizations.

Construction activity reached its lowest point in its recent four-year downturn during the fourth quarter of 1984. At that time the industry was plagued with labor problems and employment dropped to 14,300 jobs. Since then, the upturn in construction activity has increased the number of jobs in the industry to an estimated 18,600 in the second and third quarter of 1985. The cyclical trends in construction are evident in the graph below.

Figure 7-1

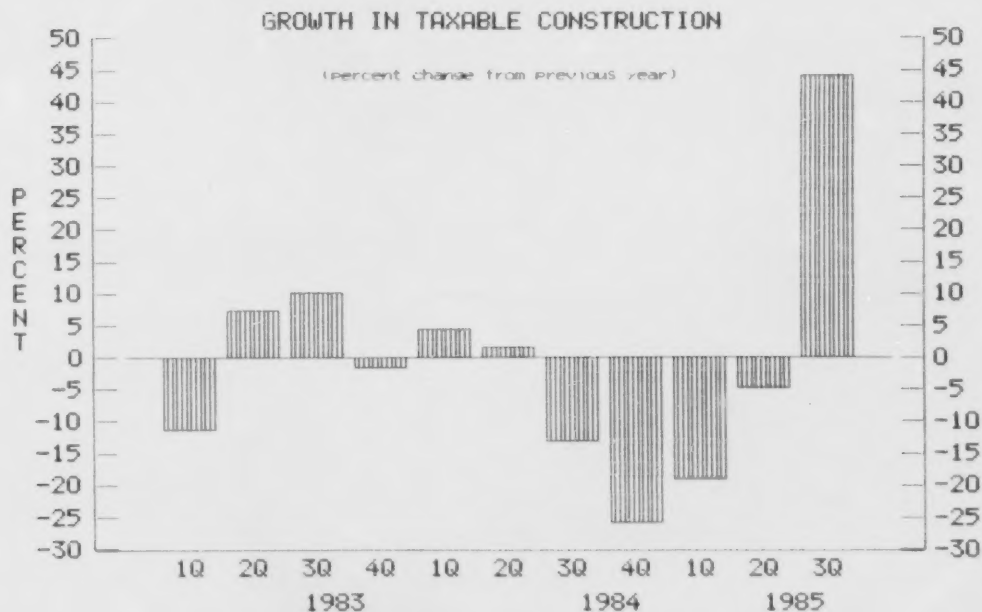


Table 7-1.-- ESTIMATED VALUE OF COMPLETED CONSTRUCTION, NEW PRIVATE BUILDING AUTHORIZATIONS, AND GOVERNMENT CONTRACTS AWARDED: 1980 TO 1985

[Millions of dollars]

Year	Value of construction completed ^{1/}	Private building authorizations				Government contracts awarded
		Total private authorization	Residential	Commercial and industrial ^{2/}	Additions and alterations	
1980	1,569.7	1,219.2	680.2	331.5	207.5	230.6
1981	1,584.7	802.0	398.3	240.8	162.9	427.5
1982	1,323.9	683.1	299.2	242.9	141.1	392.7
1983	1,334.2	685.2	296.2	203.2	185.9	277.9
1984	1,227.2	581.5	327.8	104.0	149.8	411.8
1985 (Jan-Sept)	1,044.7	642.5	447.9	68.8	125.6	168.8
1984: 1st Q ..	332.1	145.8	75.5	32.3	38.0	65.9
2nd Q ..	365.0	157.5	92.6	28.2	36.7	124.8
3rd Q ..	297.1	136.0	73.0	24.2	38.9	84.1
4th Q ..	233.0	142.2	86.7	19.3	36.2	136.9
1985: 1st Q ..	268.6	196.1	130.0	30.1	35.9	52.1
2nd Q ..	347.4	226.9	158.3	25.4	43.1	51.4
3rd Q ..	428.7	219.5	159.6	13.3	46.6	65.3
Percent change from corresponding period in previous year						
1980	16.9	39.3	27.1	53.8	67.2	-40.7
1981	1.0	-34.2	-41.4	-27.4	-21.5	85.4
1982	-16.5	-14.8	-24.9	0.9	-13.4	-8.1
1983	0.8	0.3	-1.0	-16.3	31.8	-29.3
1984	-8.0	-15.1	9.6	-52.0	-20.3	48.2
1985 (Jan-Sept)	5.1	46.3	85.8	-18.8	10.6	-44.6
1984: 1st Q ..	4.3	24.3	31.4	75.1	-8.2	-33.0
2nd Q ..	1.5	0.4	38.4	-11.8	-38.0	427.0
3rd Q ..	-13.2	-35.6	-38.1	-49.3	-15.1	17.5
4th Q ..	-25.8	-28.8	60.6	-81.3	-14.7	62.6
1985: 1st Q ..	-19.1	34.5	72.3	-6.7	-5.4	-20.9
2nd Q ..	-4.8	44.1	71.0	-14.7	23.4	-58.8
3rd Q ..	44.2	61.4	118.6	-45.0	19.8	-22.4

NA Not available.

^{1/} Value of construction subject to State excise tax. Tax data adjusted to reflect reporting delay of about one month.

^{2/} Includes hotels.

Source: Hawaii State Department of Taxation; County building departments; Trade Publishing Co., Building Industry Digest; BID Service Weekly and First Hawaiian Bank.

Table 7-2.-- ESTIMATED VALUE OF PRIVATE BUILDING CONSTRUCTION
AUTHORIZATIONS BY COUNTY: 1980 TO 1985

[Millions of dollars]

Year	State	City and County of Honolulu	Hawaii County	Kauai County	Maui County
1980	1,219.2	686.3	146.0	133.3	253.7
1981	802.0	454.1	136.5	67.7	139.6
1982	683.1	473.0	75.2	44.2	90.7
1983	685.2	366.8	86.7	140.5	91.3
1984	581.5	378.3	90.3	53.0	59.8
1985 (Jan-Sept)	642.5	354.3	97.1	48.7	142.5
1984 1st Q ...	145.8	90.1	23.6	16.2	15.9
2nd Q ...	157.5	113.8	18.3	11.4	14.0
3rd Q ...	136.0	83.0	21.5	14.8	16.7
4th Q ...	142.2	91.5	26.9	10.7	13.2
1985 1st Q ...	196.1	119.2	46.0	14.6	16.3
2nd Q ...	226.9	96.8	19.9	15.2	95.1
3rd Q ...	219.5	138.3	31.2	18.9	31.1
Percent change from corresponding period in previous year					
1980	39.4	36.9	30.1	17.1	72.0
1981	-34.2	-33.8	-6.5	-49.2	-45.0
1982	-15.1	4.2	-44.9	-34.7	-35.0
1983	0.3	-22.4	15.3	217.5	0.6
1984	-15.1	3.1	4.3	-62.3	-34.4
1985 (Jan-Sept)	46.3	-6.0	53.2	14.9	205.8
1984 1st Q ...	24.3	37.8	25.5	-24.3	34.7
2nd Q ...	0.4	41.6	-17.6	-69.8	-15.1
3rd Q ...	-35.7	-40.4	-14.0	-53.7	9.4
4th Q ...	-28.8	11.6	29.8	-78.4	-72.3
1985 1st Q ...	33.2	32.3	94.5	-9.5	2.4
2nd Q ...	44.1	-14.9	8.3	33.6	578.4
3rd Q ...	61.4	66.6	45.1	28.0	86.2

Source: County building departments.

Table 7-3.-- ESTIMATED VALUE OF GOVERNMENT CONSTRUCTION
CONTRACTS AWARDED BY AWARDING AGENCY: 1980 TO 1985

[Millions of dollars]

Year	Total	Federal	State	County
1980	230.6	66.5	120.0	44.1
1981	427.5	176.1	180.5	70.9
1982	392.7	139.6	182.0	71.2
1983	277.9	84.7	126.8	66.4
1984	411.8	130.0	196.7	85.1
1985 (Jan-Sept) ...	168.8	30.6	68.7	69.5
1984				
1st Q	65.9	8.7	38.9	18.3
2nd Q	124.8	33.2	78.0	13.6
3rd Q	84.1	5.9	58.4	19.8
4th Q	136.9	82.2	21.3	33.3
1985				
1st Q	52.1	7.4	7.9	36.8
2nd Q	51.4	15.9	27.3	8.3
3rd Q	65.3	7.3	33.6	24.4
Percent change from corresponding period in previous year				
1980	-40.7	-37.1	-45.7	-28.8
1981	85.4	164.8	50.5	60.6
1982	-8.1	-20.7	0.8	0.4
1983	-29.3	-39.3	-30.3	-6.7
1984	48.2	53.4	55.1	28.2
1985 (Jan-Sept) ..	-38.6	-35.9	-60.8	34.2
1984				
1st Q	-33.0	-25.7	-27.4	-44.7
2nd Q	526.0	478.3	828.5	42.3
3rd Q	17.5	-65.4	58.0	11.8
4th Q	62.6	63.1	-23.1	455.0
1985				
1st Q	-20.8	-14.3	-79.6	101.2
2nd Q	-58.8	-52.2	-65.1	-39.4
3rd Q	-22.4	23.7	-43.2	23.2

Source: Trade Publishing Co., Building Industry Digest; BID Service Weekly and First Hawaiian Bank, Research Division.

Table 7-4.-- NUMBER OF SINGLE-FAMILY HOUSING UNITS AUTHORIZED BY COUNTY:
1980 TO 1985

[Includes duplexes]

Year	State	City and County of Honolulu	Hawaii County	Kauai County	Maui County
1980	4,058	1,645	1,204	401	808
1981	2,649	728	1,048	409	464
1982	2,285	725	800	230	530
1983	3,417	1,627	938	291	561
1984	4,442	2,513	928	361	640
1985 (Jan-Sept)	3,682	1,820	808	354	700
1984: 1st Q	1,092	651	224	70	147
2nd Q	1,324	818	252	96	158
3rd Q	1,115	568	250	111	186
4th Q	911	476	202	84	149
1985: 1st Q	802	329	239	85	149
2nd Q	1,236	650	251	88	247
3rd q	1,644	841	318	181	304
Percent change from corresponding period in previous year					
1980	-34.4	-47.9	-16.7	-27.9	-21.1
1981	-34.7	-55.7	-13.0	2.0	-42.6
1982	-13.7	-0.4	-23.7	-43.8	14.2
1983	49.5	124.4	17.3	26.5	5.8
1984	30.0	54.5	-1.1	24.0	14.1
1985 (Jan-Sept)	4.3	-10.7	11.3	27.8	42.6
1984: 1st Q	21.9	38.2	-7.4	22.8	16.7
2nd Q	39.1	62.9	18.9	31.5	-4.2
3rd Q	29.4	43.4	4.2	38.8	27.4
4th Q	28.8	84.5	-17.2	3.7	20.2
1985: 1st Q	-26.6	-49.5	6.6	21.4	1.4
2nd Q	-6.6	-20.5	-0.4	-8.3	56.3
3rd Q	47.4	48.1	27.2	63.1	63.4

Source: County building departments.

Table 7-5.-- NUMBER OF MULTI-FAMILY HOUSING UNITS AUTHORIZED BY COUNTY:
1980 TO 1985

[Three or more units per structure]

Year	State	City and County of Honolulu	Hawaii County	Kauai County	Maui County
1980	6,603	3,297	727	766	1,813
1981	3,142	1,873	270	64	935
1982	4,594	4,109	245	118	122
1983	1,341	1,220	38	73	10
1984	1,021	829	153	35	4
1985 (Jan-Sept)	2,138	1,509	124	84	421
1984: 1st Q	61	22	4	35	0
2nd Q	331	331	0	0	0
3rd Q	134	81	49	0	4
4th Q	495	395	100	0	0
1985: 1st Q	1,151	976	124	44	7
2nd Q	696	316	0	0	380
3rd Q	291	217	0	40	34
Percent change from corresponding period in previous year					
1980	4.0	82.8	1.3	-31.9	-33.0
1981	-52.4	-43.2	-62.9	-91.6	-48.4
1982	46.2	119.4	-9.3	84.4	-86.9
1983	-70.8	-70.3	-84.5	-38.1	-91.8
1984	-23.9	-32.0	302.6	52.0	60.0
1985 (Jan-Sept)	306.5	57.2	134.0	140.0	10,425.0
1984: 1st Q	454.5	(X)	-63.6	(X)	(X)
2nd Q	171.6	196.7	(X)	-100.0	-100.0
3rd Q	-87.3	-91.6	81.5	-100.0	(X)
4th Q	376.0	279.8	(X)	(X)	(X)
1985: 1st Q	1,786.9	4,336.4	3,000.0	25.7	(X)
2nd Q	110.3	-4.5	(X)	(X)	(X)
3rd Q	117.2	167.9	(X)	(X)	750.0

X Not calculated -- data in base period equaled zero.

Source: County building departments.

Table 7-6.-- CONSTRUCTION EMPLOYMENT AND EARNINGS: 1980 TO 1985

Year	Total jobs	Average weekly hours	Full-time equivalent jobs ^{2/}	Insured unemployed persons	% un-employed ^{1/}	Average hourly earnings (in dollars)
1980	23,950	36.2	21,700	2,650	10.9	11.85
1981	21,900	36.2	19,800	3,500	15.0	13.13
1982	17,850	35.8	16,000	4,000	20.0	14.50
1983	17,800	37.2	16,500	2,850	17.2	15.80
1984	16,100	36.6	14,750	(NA)	(NA)	16.46
1985 (Jan-Sept)	18,150	36.8	16,950	(NA)	(NA)	16.88
1984: 1st Q .	16,950	38.1	16,150	(NA)	(NA)	16.36
2nd Q .	16,950	35.8	15,150	(NA)	(NA)	16.51
3rd Q .	16,250	37.6	15,300	(NA)	(NA)	16.43
4th Q .	14,300	34.7	12,400	(NA)	(NA)	16.54
1985: 1st Q .	18,050	36.8	16,600	(NA)	(NA)	16.77
2nd Q .	18,600	36.0	16,650	(NA)	(NA)	16.73
3rd Q .	18,600	37.7	17,550	(NA)	(NA)	17.13
Percent change from corresponding period in previous year						
1980	2.4	0.6	3.1	55.9	(NA)	7.2
1981	-8.6	0.0	-7.1	32.1	(NA)	11.2
1982	-18.5	-1.1	-19.2	14.3	(NA)	9.4
1983	-0.3	3.9	3.4	-28.7	(NA)	9.0
1984	-9.6	-1.6	-10.9	(NA)	(NA)	4.2
1985 (Jan-Sept)	8.5	-1.0	9.1	(NA)	(NA)	2.7
1984: 1st Q .	-6.4	-1.3	-7.5	(NA)	(NA)	5.3
2nd Q .	-4.8	-4.8	-9.5	(NA)	(NA)	5.6
3rd Q .	-9.2	-1.1	-10.0	(NA)	(NA)	3.9
4th Q .	-18.3	1.2	-17.3	(NA)	(NA)	0.7
1985: 1st Q .	6.5	-3.4	2.8	(NA)	(NA)	2.5
2nd Q .	9.7	0.6	9.9	(NA)	(NA)	1.3
3rd Q .	14.6	0.3	14.6	(NA)	(NA)	4.3

NA Not available.

^{1/} Percent unemployed is defined as the ratio of insured persons to the total of insured unemployed and full-time equivalent jobs, expressed as a percent.

^{2/} Equivalent number of jobs if all workers had worked a 40-hour week.

Source: Hawaii State Department of Labor and Industrial Relations.

Table 7-7.-- HONOLULU CONSTRUCTION COST INDEXES: 1980 TO 1985

[1967=100]

Year 1/	Single-family residence			High-rise building		
	All components	Material prices	Labor 2/	All components	Material prices	Labor 2/
1980	283.2	263.8	307.8	290.1	270.5	307.1
1981	291.2	254.2	336.6	308.2	274.6	337.4
1982	304.7	250.6	373.0	330.3	281.4	372.8
1983	331.5	276.5	400.9	352.1	294.6	402.0
1984	348.2	281.4	432.5	367.2	294.5	430.2
1984						
March ...	348.0	283.0	430.0	367.4	296.0	429.3
June	347.4	280.4	431.8	367.1	294.1	430.4
Sept. ...	352.2	281.6	441.2	370.2	293.7	436.6
Dec.	350.4	278.7	441.0	369.1	291.6	436.4
1985						
March (r)	352.6	281.8	442.0	370.1	291.5	438.3
June (r)	356.3	288.4	442.0	373.1	297.0	439.1
Sept. ...	364.5	291.1	457.1	382.5	299.5	454.4
Percent change from corresponding period in previous year						
1980	6.4	6.2	6.6	9.8	13.8	6.8
1981	2.8	-3.6	9.4	6.3	1.5	9.9
1982	4.6	-1.4	10.8	7.2	2.5	10.5
1983	8.8	10.3	7.5	6.6	4.7	7.8
1984	5.0	1.8	7.8	4.3	0.0	7.0
1984						
March ...	7.4	5.7	8.9	5.4	1.2	8.0
June	3.2	-2.9	8.8	4.4	-0.1	8.0
Sept. ...	4.2	-0.4	8.0	4.0	-1.0	7.2
Dec.	3.2	-1.4	7.1	2.8	-1.8	5.7
1985						
March (r)	1.3	-0.4	2.8	0.7	-1.5	2.1
June (r)	2.6	2.9	2.4	1.6	1.0	2.0
Sept. ...	3.5	3.4	3.6	3.3	2.0	4.1

r Revised.

1/ Annual averages unless otherwise specified.

2/ Includes wages and benefits.

Source: First Hawaiian Bank, Research Division.

8. Major Sources of Income

Defense expenditures from January to September grew 7.1 percent from the same 1984 period due to increases in purchases of supplies, equipment, and services by all branches of the military. The Army recorded the largest gain due to the installation of a large computer system and a backlog of construction projects delayed by construction strikes.

The value of processed sugar and canned pineapple decreased substantially in 1985 due to a drop in sugar production and prices, as well as the reduction of pineapple being processed. This latter decline was due to the closing of the Del Monte processing plant on Oahu and drought conditions in 1984.

Table 8-1.--DIRECT INCOME OR PRODUCTION VALUE OF MAJOR EXPORT INDUSTRIES: 1960 TO 1984

[Millions of dollars]

Year	Visitor expenditures	Defense expenditures	Value of production	
			Sugar 1/	Pineapple
1960	131	351.4	118.4	119.4
1970	595	639.4	187.8	138.6
1980	2,875	1,317.4	594.1	226.5
1981	3,200	1,449.3	327.9	217.6
1982	3,700	1,693.4	351.5	206.0
1983	3,974	1,848.2	410.2	219.0
1984	4,582	1,867.2	393.0	249.6

1/ Includes value of molasses.

Source: Hawaii Visitors Bureau; quarterly reports of armed forces; Hawaiian Sugar Planters' Association; Pineapple Growers Association of Hawaii and State Department of Agriculture.

Table 8-2.-- DEFENSE EXPENDITURES IN HAWAII BY SERVICE:
1980 TO 1985

[Millions of dollars]

Year or quarter	Total	Navy and Marine	Army	Air Force	Coast Guard
1980	1,317.4	711.3	441.8	141.7	22.7
1981	1,449.3	770.4	493.8	158.3	26.7
1982	1,693.4	878.2	611.5	173.7	29.9
1983	1,848.2	935.9	702.7	182.6	27.0
1984	1,867.2	948.2	685.2	207.6	26.2
1985 (Jan-Sept)	1,482.2	706.6	596.8	157.6	21.3
1984					
1st Q	461.2	237.5	163.2	54.0	6.6
2nd Q	463.5	236.0	169.5	51.3	6.6
3rd Q	459.7	236.9	165.8	50.9	6.1
4th Q	482.8	237.8	186.8	51.3	6.9
1985					
1st Q	465.8	226.1	180.0	52.9	6.9
2nd Q	538.6	253.3	225.4	52.4	7.5
3rd Q	477.8	227.2	191.4	52.3	6.9
Percent change from corresponding quarter in previous year					
1980	7.8	11.0	2.8	9.6	2.7
1981	10.0	8.3	11.8	11.7	17.6
1982	16.8	14.0	23.8	9.7	12.0
1983	9.1	6.6	14.9	5.1	-9.7
1984	1.0	1.3	-2.5	13.7	-2.7
1985 (Jan-Sept)	7.1	-0.5	19.7	0.9	10.4
1984					
1st Q	-1.5	2.9	-12.9	23.3	0.4
2nd Q	2.3	-0.7	3.9	12.8	-5.6
3rd Q	-0.8	3.0	-7.0	6.3	-14.8
4th Q	4.2	0.1	7.3	13.0	11.4
1985					
1st Q	1.0	-4.8	10.3	-2.1	3.9
2nd Q	16.2	7.3	33.0	2.0	13.7
3rd Q	3.9	-4.1	15.4	2.8	13.1

Note: Data include all appropriated expenditures for military and civilian payrolls, services, supplies and construction. Excludes R&R expenditures, dependent allotments, retired military pay and non-appropriated funds for exchanges, clubs, special services, etc.

Source: Quarterly reports from armed forces, compiled by DPED.

Table 8-3.-- VALUE OF PROCESSED SUGAR AND CANNED PINEAPPLE
SUBJECT TO STATE EXCISE TAX: 1980 TO 1985

Year	Value of shipments ^{1/} (millions of dollars)		Percent change from same period in previous year	
	Sugar processing ^{2/}	Pineapple canning	Sugar processing	Pineapple canning
1980	545.3	190.9	85.4	9.6
1981	392.5	169.8	-28.0	-11.1
1982	336.3	189.3	-14.3	11.5
1983	421.5	174.2	25.3	-8.0
1984	427.2	213.3	1.4	22.4
1985 (Jan- Sept)	279.4	83.9	-16.7	-45.5
1982				
1st Q	62.9	44.3	-49.4	65.3
2nd Q	80.8	38.8	-33.6	-22.6
3rd Q	100.6	63.1	19.2	-1.4
4th Q	92.0	43.1	47.4	49.1
1983				
1st Q	105.9	32.6	68.4	-26.4
2nd Q	99.9	40.4	23.6	4.3
3rd Q	136.2	50.9	35.4	-19.3
4th Q	79.4	50.3	-13.7	16.7
1984				
1st Q	90.1	53.6	-14.9	64.4
2nd Q	114.4	47.8	14.5	18.3
3rd Q	131.0	52.5	-3.8	3.0
4th Q	91.7	59.5	15.4	18.4
1985				
1st Q	84.6	35.4	-6.1	-34.0
2nd Q	87.5	32.7	-23.5	-31.5
3rd Q	107.3	15.8	-18.3	-69.9

Note: These data are compiled for excise tax purposes and for various reasons differ from annual figures in table 8-1, prepared by the Hawaii State Department of Agriculture. These are, however, the only data related to the value of sugar and pineapple that are available on a monthly or quarterly basis and provide an indication of industry trends.

^{1/} Processed sugar and canned pineapple are taxed at the time the products leave factory inventories rather than at the time of actual sale.

^{2/} Includes value of molasses.

Source: Hawaii State Department of Taxation.

Table 9-1.-- RECENT ECONOMIC AND DEMOGRAPHIC TRENDS: STATE OF HAWAII

Series <u>1/</u>	Unit	Period <u>2/</u>	Number	Percent change	
				From preceding period	From same period in previous year
Resident population					
State	Persons	July 1, 1984	1,039,000	-	2.0
City and County of Honolulu ..	Persons	July 1, 1984	805,300	-	1.6
Hawaii County	Persons	July 1, 1984	106,400	-	3.4
Kauai County	Persons	July 1, 1984	44,000	-	2.1
Maui County	Persons	July 1, 1984	83,100	-	4.0
Income					
Total personal income <u>3/</u>	\$ Million	2nd Quarter	14,191	0.9	5.0
Consumer price index (Honolulu)					
All items	(1967=100)	October	295.6	-	2.9
Food prices	(1967=100)	October	328.9	-	2.0
Construction					
Total private permits	\$ Million	Jan-Sept	642.5	-	46.3
Total residential permits	\$ Million	Jan-Sept	447.9	-	85.8
New single-family units	Number	Jan-Sept	3,682	-	4.3
New multi-family units	Number	Jan-Sept	2,138	-	306.5
Government contracts awarded ...	\$ Million	Jan-Sept	168.8	-	-38.6
Construction cost indexes (Hon.)					
Single family	(1967=100)	September	364.5	2.3 <u>4/</u>	3.5
High-rise buildings	(1967=100)	September	382.5	2.5 <u>4/</u>	3.3
Employment (r)					
Total civilian labor force	Persons	Jan-Sept	478,350	-	1.1
Civilian employment	Persons	Jan-Sept	453,750	-	1.7
Civilian unemployment	Persons	Jan-Sept	24,650	-	-7.9
Unemployment rate	Percent	Jan-Sept	5.2	-	-
Total jobs	Number	Jan-Sept	459,200	-	1.2
Visitor industry					
Total visitors (r)	Number	Jan-Oct	4,059,410	-	0.5
Westbound	Number	Jan-Oct	3,087,020	-	0.3
Eastbound	Number	Jan-Oct	972,390	-	3.3
Visitor expenditures (p)	\$ Million	1984	4,582	-	15.3
Hotel units	Number	February	65,919	-	5.5
Defense expenditures	\$ Million	Jan-Sept	1,482.2	-	7.1
Sugar production	\$ Million	1984	393.0	-	-4.2
Pineapple sales	\$ Million	1984	249.6	-	14.0

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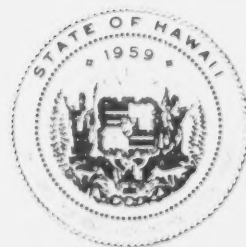
1/ Statewide data unless indicated otherwise.2/ Data for 1985 unless otherwise noted.3/ Seasonally adjusted at annual rate.4/ From June.

Quarterly Statistical & Economic Report

- The Economy - Recent Trends
- Impact of the 1981-1982 Recession:
How Hawaii Performed
Compared to Other States
- Statistical Tables

1st Quarter 1986

DEPARTMENT OF PLANNING AND ECONOMIC DEVELOPMENT



This quarterly report has been prepared by the Research and Economic Analysis Division of the Department of Planning and Economic Development (DPED). The purpose of the report is to present information and analysis concerning current statistical and economic trends affecting Hawaii. Technical notes and source descriptions have been kept to a minimum. However, the staff of the Research and Economic Analysis Division will be happy to respond to any inquiries of a technical nature that readers may have (548-3062).

The report was prepared under the direction of Dr. Richard Y. P. Joun, Head, Research and Economic Analysis Division, by Robert Shore, Karen Yamashita, and Sharon Nishi. The cover was prepared by Stewart Wastell, illustrator in DPED's Planning Division.

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1. The Economy - Recent Trends

Declining interest rates and plummeting oil prices are increasing the prospects that 1986 will be a very good year economically for the U.S. and for Hawaii. The decline in interest rates, especially, appears to be spurring the beginnings of a boom in construction nationwide and will certainly boost already favorable prospects for Hawaii's construction industry, which has been struggling to recover from a long slump.

Visitor arrivals to the State for the first two months of 1986 showed a 5.1 percent increase over the same period in 1985. This is a reasonably good increase considering that the first-two-months period of 1985 was rather busy, up almost 8 percent compared with from the 1984 period. Westbound visitor arrivals, mainly from the U.S. and Canada, were up 6.8 percent during the first two months of 1986, while eastbound arrivals from the Pacific and Orient showed a slight 0.2 percent decline.

Sugar and canned pineapple shipments showed sharp declines in 1985 from the previous year. Raw sugar shipments fell 17 percent from 1984 levels while canned pineapple shipments plummeted 53 percent in 1985 from the year before. The large drop in canned pineapple shipments reflects the closure of the Del Monte canning plant in late 1984. Since that company's remaining inventory was also shipped out-of-State in late 1984, the 1985 decline in canned pineapple shipments probably exceeded the actual drop in pineapple field production. However, actual field production figures for pineapple will not be available until about mid year. Thus, it is not clear whether an increase in shipments of fresh pineapple may have compensated for some declines in canned production.

Total defense expenditures in Hawaii for 1985 were \$1.96 billion, a 4.5 percent increase from 1984. A healthy 14 percent increase in Army expenditures was countered by declines in Navy and Air Force spending of 1 percent and 3 percent, respectively.

Construction receipts in 1985 showed a 17 percent increase from 1984, as measured by State excise tax data. Employment in that industry increased 7 percent in 1985 to about 17,000 workers. Total private construction authorizations surged 53 percent in 1985, while government contracts awarded for construction declined about 40 percent from an exceptionally high 1984 total.

The total number of jobs in the State increased an estimated 2.0 percent in 1985, an increase of 9,000 jobs. The average unemployment rate, however, remained unchanged from 1985 at 5.6 percent of the labor force.

Consumer prices, as measured by the Honolulu Consumer Price Index (CPI-U) advanced 3.3 percent from 1984 to 1985.

2. Impact of the 1981-1982 Recession: How Hawaii Performed Compared to Other States

In a previous issue of this report (Third Quarter 1985), the reasons for the recent slowdown of Hawaii's economy and job growth were discussed. It was pointed out that the recent slowdown of Hawaii's economy and job growth in the early 1980s was largely caused by short-term cyclical fluctuations in the national economy, brought about by two national recessions since 1980, particularly the severe 1981-82 recession, in spite of the assumption that structural problems in Hawaii's economy, such as an alleged poor "business climate" among others, were to blame for the slow job growth. Also, the sharp drop of construction activity and jobs since 1980 has been cited as another reason for the slowdown in overall job growth in Hawaii during the early 1980s.

Almost all states suffered from the impact of the 1981-1982 national recession but the impact of the recession on Hawaii was milder than in most states.

A recent publication of an article entitled, "State and Regional Impact of the 1981-82 Recession," by John Connaughton and Ronald Madsen, professors at the University of North Carolina, tends to confirm our observations.*

The purpose of the paper by Connaughton and Madsen was to measure the "performance of state economies during the 1981-82 recession and to identify significant disparities in the impact that the recession had on the various states." According to the study, the impact of the national recession ranged from a 10.8 percent decline of real Gross State Product (GSP) in Iowa to a 4.6 percent increase in real GSP for Alaska during the period of the third quarter 1981 to the third quarter 1982.

A majority of the states, or more precisely, forty-one states, however, suffered some degree of decline from the negative impact of the national recession and only eight states were spared from GSP declines due to the impact of the recession. The decline of real GSP for Hawaii during the same period was 0.2 percent, which is ninth best compared with other states.

Table 2-1 organizes the states in ascending order (from poorest to best performance) into four groups. Group 1 contains twenty-one states with rates of decline double or more the national economic decline (which experienced real GNP decline of 1.9 percent) between third quarter of 1981 and the third quarter of 1982. Group 2 contains ten states whose real GSP declined more than the national rate but less than double.

*John E. Connaughton and Ronald A. Madsen, "State and Regional Impact of the 1981-82 Recession," Growth and Change, A Journal of Public, Urban, and Regional Policy. Vol. 16, No. 3 July 1985, pp. 1-10.

Table 2-1.-- CHANGE IN ANNUALIZED REAL GSP BY STATES:
1982-III VERSUS 1981-III

Group 1		Group 2	
Percent change in GSP	State	Percent change in GSP	State
-10.8	Iowa	-3.5	Illinois
-9.2	New Jersey	-3.5	Kentucky
-9.1	Nebraska	-3.2	Maine
-9.0	Michigan	-2.9	Idaho
-8.8	West Virginia	-2.8	Mississippi
-8.3	Wyoming	-2.7	Missouri
-6.9	Montana	-2.6	Maryland
-6.7	Minnesota	-2.5	Arizona
-6.6	Arkansas	-2.5	Louisiana
-6.3	Indiana	-2.4	Utah
-6.3	Oregon		
-5.4	Pennsylvania		
-5.3	Alabama		
-5.3	Nevada		
-5.3	Wisconsin		
-5.2	Ohio		
-5.0	Washington		
-4.8	North Carolina		
-4.3	Rhode Island		
-4.1	Tennessee		
-3.8	South Carolina		
Group 3		Group 4	
Percent change in GSP	State	Percent change in GSP	State
-1.8	Colorado	+0.1	New Hampshire
-1.7	Kansas	+0.6	Connecticut
-1.7	Oklahoma	+1.4	Vermont
-1.0	Virginia	+1.5	Texas
-0.9	Georgia	+1.7	North Dakota
-0.9	Massachusetts	+1.8	Florida
-0.8	California	+4.4	South Dakota
-0.7	New Mexico	+4.6	Alaska
-0.4	New York		
-0.2	Hawaii		

Note: GSP for Delaware could not be calculated because of incomplete data for some sectors due to Department of Commerce non-disclosure rules.

Group 3 contains the ten states, including Hawaii, which had declines of real GSP lower than the national rate. Group 4 contains the eight states that had real increases in real GSP during the period. In general, northern industrial states were more severely affected by the national recession than the southwestern states. Hawaii's economy, although it did experience a slight decline in real GSP during the recession (the smallest of any State showing a decline), fared very well as compared with most of the other states, including such western states as California, Oregon, Washington, and Arizona.

The principal reason for the wide variation in the performance of state economies is the different industrial composition by state. A detailed examination of the economic sectors by each state should, therefore, provide answers to the different performance of overall state economies during the recession. Table 2-2 presents the percent changes in output for each of the eleven sectors for all states during the recession.

As table 2-2 indicates, changes in economic sectors within each state show greater dispersion than the state-by-state performance of overall economic changes. The changes in construction activities were an important factor in affecting changes in overall economic growth rates for many states. For example, construction activity declined 16.3 percent in Iowa, along with a 52.9 percent decline in agriculture, which contributed to that state's overall 10.8 percent decline in GSP. By contrast, construction activity increased 18.2 percent in Alaska, which helped increase the real GSP in Alaska during the recession. Construction output declined 15.2 percent during the period of the recession in Hawaii, which was a major factor resulting in the 0.2 percent decline in real GSP. If the decline in Hawaii's construction output were less than the national average rate of 5.2 percent, Hawaii's overall economic growth rate could have been much better.

In short, improvement in the "business climate" is a desirable goal. The facts, however, do not seem to support the allegation that the most recent slowdown in Hawaii's economy and job growth was caused by a poor "business climate" in Hawaii.

Table 2-2.-- PERCENT CHANGE IN SECTOR OUTPUT BY STATE BETWEEN 1981-III AND 1982-III

State	Sector										
	Farm-agri. services, forest, fisheries	Mining	Construction	Durable manu- facturing	Non- durable manu- facturing	Transp., commun., public utilities	Whole- sale trade	Retail trade	Fin., ins., real estate	Services	Govt., govt. enter- prises
AL	-7.8	-16.5	-5.3	-14.7	-10.3	-2.8	-2.7	-3.2	-1.8	1.7	-1.2
AK	18.4	6.7	18.2	-56.7	16.8	-0.7	7.3	3.0	7.9	3.1	7.1
AZ	21.9	-33.8	-11.9	-4.9	-9.0	-10.5	-1.7	-0.6	-1.6	1.1	3.5
AR	-33.9	-5.7	-12.4	-8.6	-9.2	-4.1	-2.9	-1.7	3.2	1.0	0.2
CA	14.0	-5.2	-11.1	0.8	-5.8	-3.0	-0.7	-2.4	-0.9	2.7	-2.3
CO	7.5	-16.0	6.4	-4.7	-5.0	-0.5	-1.1	-1.7	-2.1	-0.1	-1.2
CN	29.3	-57.5	2.1	-6.3	-1.2	2.4	2.4	-1.9	8.3	3.5	-2.9
DE	3.4	NA	NA	-15.0	-3.0	-2.7	1.9	-1.5	4.1	1.8	2.7
FL	35.4	-16.9	-7.0	3.7	-6.9	0.9	0.7	-0.5	-0.1	5.0	3.2
GA	-2.4	-7.2	4.6	-2.4	-8.1	-0.6	2.2	-0.9	1.1	1.7	0.9
HI	27.9	-8.9	-15.2	-4.2	-5.3	-3.9	1.3	0.9	-4.1	1.4	2.5
ID	14.9	-44.6	-14.2	-12.5	-2.4	-8.1	-3.3	-5.8	-3.5	-1.9	-3.7
IL	-34.2	-7.4	4.3	-14.3	-1.2	-4.6	-3.2	-3.8	4.0	0.9	0.1
IN	39.1	-11.0	-9.1	-12.6	-0.4	-7.1	-6.2	-4.4	-7.4	-3.1	-7.4
IA	-52.9	-20.1	-16.3	-14.3	10.5	-6.0	-2.2	-5.4	-1.2	-2.1	0.9
KS	129.1	-11.6	-9.2	-20.3	-9.1	-1.4	-1.0	-5.9	-0.5	-1.5	3.5
KY	16.8	-15.1	-6.1	-13.9	-4.8	-4.9	-2.4	-3.1	-2.8	-0.7	0.1
LA	-0.1	-3.7	-12.5	-12.6	-7.6	-4.5	-3.8	-0.8	1.5	4.9	4.6
ME	-20.4	-8.9	-2.6	1.7	-5.4	-2.1	-3.4	-5.0	0.1	-2.6	-0.8
MD	1.9	3.1	-9.2	-12.1	-9.7	-1.5	5.4	-3.2	-2.1	0.0	0.5
MA	23.9	-1.9	3.8	-1.9	-9.8	-0.2	-1.2	-2.3	4.0	2.0	-5.7
MI	-5.9	-34.0	-11.7	-13.4	-5.8	-10.6	-8.9	-8.5	-8.0	-3.5	-3.5
MN	-25.1	-63.4	-8.2	-3.5	-4.7	-12.1	-2.6	-5.4	-3.0	-2.1	-4.7
MS	4.0	-9.1	1.7	-5.2	-9.6	-2.4	-3.4	-1.9	-1.5	2.1	-3.0
MO	-16.3	0.0	0.6	-5.4	-6.7	-4.3	-2.5	-1.8	-2.6	1.9	0.9
MT	3.8	-22.4	-19.0	-19.8	-7.6	-7.4	-7.4	-3.2	-0.7	-3.7	-8.5
NE	-50.7	-12.3	-7.2	-11.5	-11.8	-6.0	-1.3	-1.6	-0.8	4.2	-0.2
NV	10.8	-20.9	-24.4	-9.0	-6.4	-8.2	-0.8	-8.1	-5.4	-1.8	2.0
NH	33.0	-20.3	18.1	-0.9	-9.6	2.4	-3.2	-2.7	1.4	3.2	3.2
NJ	27.6	-11.8	-2.7	-6.8	-5.8	-0.6	2.5	-0.5	3.3	3.7	0.7
NM	1.7	-20.8	1.2	0.3	-8.1	0.4	5.3	1.4	0.5	2.8	-0.1
NY	8.1	-9.8	5.4	-3.7	-4.9	-3.3	0.0	-1.7	2.4	1.5	-0.9
NC	-12.4	-18.0	-8.9	-4.9	-11.7	-0.8	2.2	-1.4	-1.8	0.2	-1.3
ND	4.6	-31.0	28.7	-4.6	4.6	-3.2	0.2	-0.2	0.7	4.8	2.9
OH	78.8	-12.9	-10.1	-12.2	-9.3	-8.0	0.9	-2.5	-0.4	0.7	-1.2
OK	-20.5	-10.6	6.7	-12.3	-5.5	-3.6	4.5	-0.3	2.4	3.1	5.0
OR	13.8	-21.4	-23.0	-10.6	-7.9	-8.5	-7.9	-4.7	-7.1	-2.7	-1.4
PA	1.7	-16.9	-4.4	-17.0	-9.1	-5.8	-3.2	-3.9	-0.2	4.4	0.2
RI	28.5	13.9	2.3	-12.6	-16.8	-0.5	-3.8	-2.8	0.7	1.6	2.9
SC	4.4	-11.7	-4.5	-2.3	-15.3	-0.6	-3.9	-2.0	0.5	4.1	4.8
SD	48.9	-5.3	-28.8	-7.7	-0.6	-4.3	-2.9	-6.0	2.8	2.1	0.1
TN	14.4	-8.9	-1.9	-7.5	-8.9	-6.8	-4.3	-0.6	-0.4	1.7	-5.9
TX	9.1	-4.4	3.3	-6.1	-2.6	-2.5	0.5	3.4	7.0	4.9	3.9
UT	2.0	-15.8	1.0	-7.2	-4.5	-0.4	-4.0	-2.8	-0.8	2.3	-1.5
VT	9.0	-1.3	-4.1	1.5	-8.1	3.4	0.8	-0.3	4.6	0.9	4.0
VA	-20.4	-15.6	-5.1	-4.4	-6.6	0.0	2.5	0.1	1.1	3.6	1.4
WA	13.8	-14.1	-19.0	-9.3	-5.4	-7.8	-6.0	-6.2	-3.6	-7.5	2.3
WV	-16.6	-11.9	-18.5	-26.2	-5.7	7.7	-3.2	-9.0	-2.6	0.5	-1.7
WI	-5.2	-13.7	-15.6	-10.4	-5.3	-7.4	-0.1	-6.1	-2.6	-2.1	-0.5
WY	-2.4	-15.8	-2.1	-8.2	-14.3	-10.9	-5.9	-7.6	-3.7	-3.8	-6.7
All- State Avg.	7.9	-15.3	-5.2	-9.3	6.4	3.9	-1.5	-2.7	-0.23	0.9	-0.4

3. Income and Prices

Hawaii personal income continued to grow moderately during the fourth quarter, increasing 5.5 percent over the same period a year ago, slightly higher than the national average.

The rate of consumer inflation as reflected by the Honolulu Consumer Price Index for all urban consumers (CPI-U), increased 3.3 percent in 1985 over 1984. Prices rose most rapidly in medical care (5.5 percent) and decreased for apparel and upkeep (-0.6 percent).

Figure 3-1

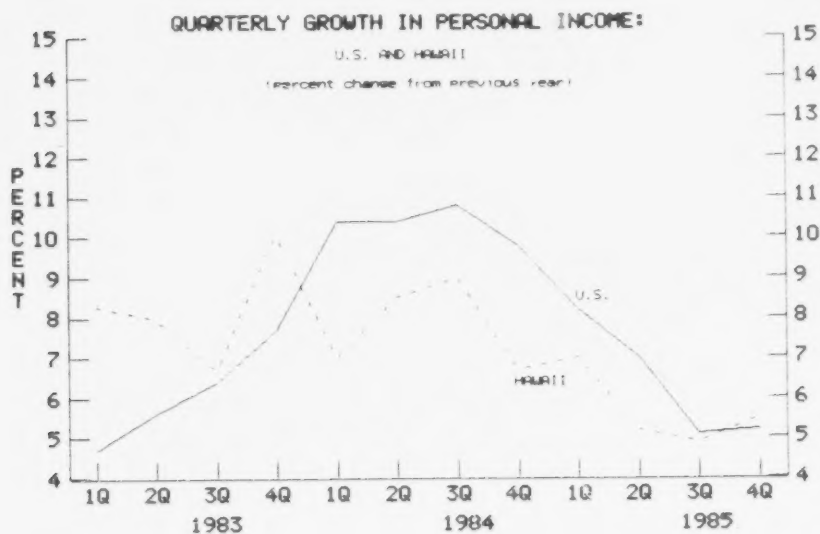


Figure 3-2

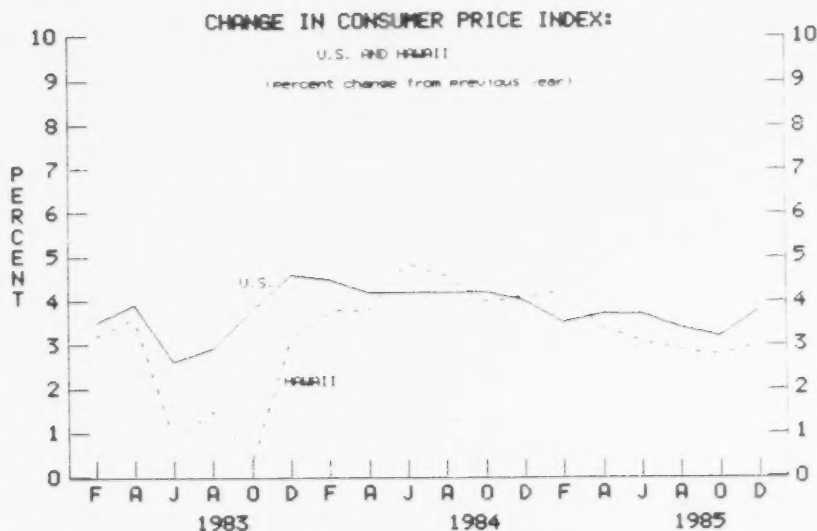


Table 3-1.-- TOTAL PERSONAL INCOME FOR THE UNITED STATES
AND HAWAII QUARTERLY: 1980 TO 1985

[In millions of dollars]

Year/quarter	Total personal income <u>1/</u>		Percent change from same quarter in previous year	
	United States	Hawaii	United States	Hawaii
1980				
1st Q	2,083,911	9,513	11.8	14.3
2nd Q	2,110,286	9,596	10.6	12.4
3rd Q	2,177,245	9,901	10.3	12.2
4th Q	2,255,417	10,232	11.4	13.1
1981				
1st Q	2,333,365	10,540	12.0	10.8
2nd Q	2,380,591	10,725	12.8	11.8
3rd Q	2,468,878	11,022	13.4	11.3
4th Q	2,497,558	11,228	10.7	9.7
1982				
1st Q	2,525,972	11,338	8.3	7.6
2nd Q	2,558,976	11,512	7.5	7.4
3rd Q	2,589,855	11,763	4.9	6.7
4th Q	2,628,369	11,759	5.2	4.7
1983				
1st Q	2,644,401	12,277	4.7	8.3
2nd Q	2,703,432	12,433	5.6	8.0
3rd Q	2,754,946	12,551	6.4	6.7
4th Q	2,831,537	12,952	7.7	10.1
1984				
1st Q	2,918,793	13,141	10.4	7.0
2nd Q	2,985,650	13,486	10.4	8.5
3rd Q	3,053,166	13,679	10.8	9.0
4th Q	3,107,659	13,824	9.8	6.7
1985				
1st Q	3,156,982	14,065	8.2	7.0
2nd Q	3,193,455	14,183	7.0	5.2
3rd Q	3,207,892	14,343	5.1	4.9
4th Q	3,268,059	14,582	5.2	5.5

1/ Seasonally adjusted, annual rates.

Source: U.S. Department of Commerce, Bureau of
Economic Analysis, printouts dated April 1986.

Table 3-2.-- TOTAL PERSONAL AND DISPOSABLE INCOME FOR
THE UNITED STATES AND HAWAII: 1970 TO 1985

[In millions of dollars]

Year	Total personal income ^{1/}		Disposable income	
	United States	Hawaii	United States	Hawaii
1970	803,922	3,566	689,190	2,974
1975	1,258,643	5,785	1,090,778	5,000
1980	2,156,715	9,810	1,820,880	8,312
1981	2,420,098	10,878	2,033,353	9,243
1982	2,575,793	11,593	2,172,768	10,079
1983	2,733,579	12,553	2,332,700	10,790
1984	3,016,317	13,532	2,586,213	11,767
1985	3,206,597	14,293	(NA)	(NA)
Percent change from same period in previous year				
1980	11.0	13.0	10.9	12.8
1981	12.2	10.9	11.7	11.2
1982	6.4	6.5	6.9	9.0
1983	6.1	8.3	7.4	7.1
1984	10.3	7.8	10.9	9.1
1985	6.3	5.6	-	-

NA Not available.

^{1/} Except where noted otherwise, these represent the latest official annual data and may not be completely consistent with more recently published quarterly data.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, printouts dated August 1985 and April 1986.

Table 3-3.-- CONSUMER PRICE INDEX, ALL URBAN CONSUMERS (CPI-U) FOR
SELECTED ITEMS FOR HONOLULU AND THE U.S. CITY AVERAGE: 1981 TO 1985

[1967=100]

Month and year	All items	Food	Hous- ing ^{1/}	Apparel and upkeep	Trans- portation	Medical care
Honolulu:						
1981	252.4	285.8	240.3	193.4	247.1	289.4
1982	267.6	298.8	255.0	201.5	255.6	324.3
1983	273.5	306.7	257.5	207.7	253.7	357.6
1984	284.8	319.7	268.2	205.1	265.7	379.7
1985 (p)	294.1	332.2	275.8	203.9	270.9	400.6
U.S. city avg.:						
1981	272.4	267.3	293.5	186.9	280.0	294.5
1982	289.1	278.2	314.7	191.8	291.5	328.7
1983	298.4	291.7	323.1	196.5	298.4	357.3
1984	311.1	302.9	336.5	200.2	311.7	379.5
1985	322.2	309.8	349.9	206.0	319.9	403.1
Honolulu:						
1984: December	289.8	331.3	271.1	203.2	268.2	386.8
1985: February	292.6	333.9	274.7	204.0	268.7	390.8
April ..	292.7	334.0	274.4	202.1	269.3	393.0
June ...	293.5	331.6	276.5	201.4	269.3	394.5
August .	294.2	331.3	274.3	204.1	271.7	408.3
October	295.6	328.9	276.2	207.6	273.4	410.4
December	298.5	334.4	281.2	204.6	274.4	413.0
U.S. city avg.:						
1984: December	315.5	305.1	341.2	203.2	315.8	388.5
1985: February	317.4	309.5	343.6	201.8	314.3	393.8
April ..	320.1	308.7	345.9	205.9	320.0	398.0
June ...	322.3	309.3	350.4	204.6	321.8	401.7
August .	323.5	309.7	352.9	205.3	320.7	406.6
October	325.5	309.8	354.4	211.1	320.9	410.5
December	327.4	313.2	355.8	209.0	324.0	414.7
Percent increase (Honolulu):						
1981 to 1982 ..	6.0	4.5	6.1	4.2	3.4	12.1
1982 to 1983 ..	2.2	2.6	1.0	3.1	-0.7	10.3
1983 to 1984 ..	4.1	4.2	4.2	-1.3	4.7	6.2
1984 to 1985 (p)	3.3	3.9	2.8	-0.6	2.0	5.5

p Preliminary.

^{1/} Change in calculation in 1983 -- housing costs measured in rental equivalence (what owners would have to pay if they rented their homes).

Source: U.S. Department of Labor, Bureau of Labor Statistics.

4. Employment

The Department of Labor and Industrial Relations recently released revised employment data which showed a greater number of jobs than was previously reported. The major revision was the approximately 20 percent increase in the estimates of the non-agricultural self-employed from previous years.

Total jobs increased 2 percent annually between 1984 and 1985; agricultural jobs, however, declined in 1985 as they have since 1982. These trends were also evident in the first two months of 1986.

Hawaii continued to experience low rates of unemployment compared to the national. All counties showed improvements in their unemployment rate except for Hawaii County, which also continued to have the highest rate of unemployment in the State.

Figure 4-1

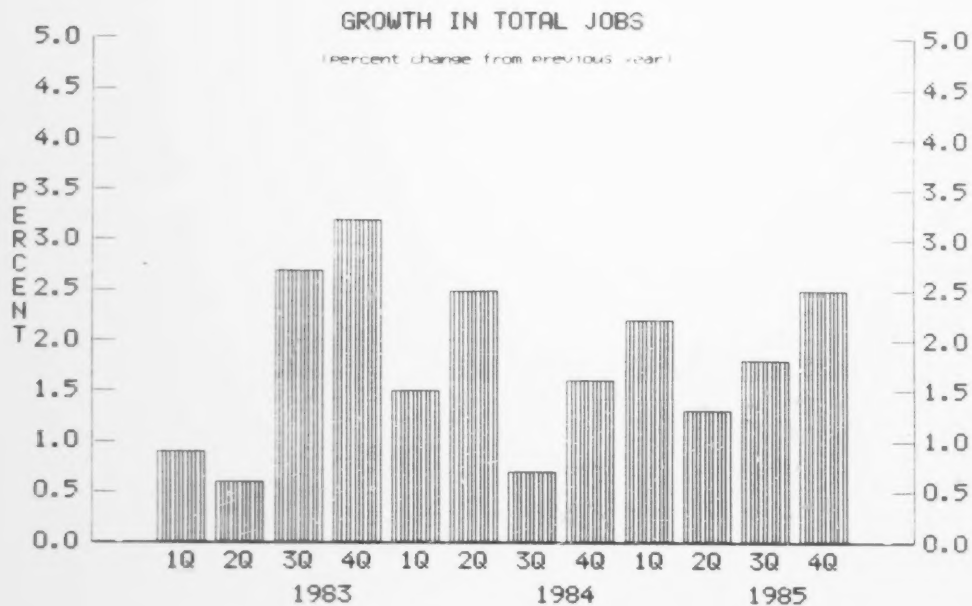


Table 4-1.-- TOTAL JOBS IN HAWAII: 1980 TO 1986

[Revised]

Year	Total jobs ^{1/}	Non-agriculture			Agriculture			Labor disputes
		Total	Wage & salary	Self-employed	Total	Wage & salary	Self-employed	
1980	448,300	432,400	404,100	28,300	15,400	10,800	4,600	500
1981	449,850	433,950	404,800	29,150	15,850	11,500	4,350	50
1982	446,000	430,700	399,400	31,300	15,250	11,300	3,950	100
1983	453,700	438,500	406,200	32,300	15,050	11,200	3,900	150
1984	461,050	446,100	412,650	33,450	14,450	10,800	3,650	450
1985	470,050	456,050	423,100	32,900	13,900	10,400	3,500	100
1984								
1st Q ...	456,400	442,900	409,950	32,950	13,350	9,650	3,700	150
2nd Q ...	463,500	448,850	414,700	34,150	14,650	11,050	3,600	0
3rd Q ...	460,500	444,300	410,350	33,950	15,850	11,950	3,900	350
4th Q ...	463,850	448,500	415,700	32,800	14,000	10,600	3,400	1,350
1985								
1st Q ...	466,400	453,000	420,450	32,550	13,150	9,800	3,350	250
2nd Q ...	469,450	455,400	422,950	32,450	13,900	10,500	3,400	150
3rd Q ...	469,000	454,000	422,200	31,800	15,000	11,250	3,750	0
4th Q ...	475,400	461,750	426,900	34,850	13,600	10,150	3,450	50
1986 (p) Jan-Feb .	472,200	459,150	426,450	32,700	13,050	9,950	3,100	0
Percent change from the same period in previous year								
1984	2.0	2.2	1.6	9.9	-4.0	-3.6	-6.4	211.1
1985	2.0	2.2	2.5	-1.6	-3.8	-3.7	-4.1	-77.8
1984								
1st Q ...	1.5	1.6	1.6	1.7	-1.5	-2.5	1.4	(X)
2nd Q ...	2.5	2.7	2.8	1.8	-1.7	-2.2	0.0	-100.0
3rd Q ...	0.7	0.8	0.7	2.3	-2.5	-2.8	-1.3	0.0
4th Q ...	1.6	1.8	1.3	9.0	-10.8	-5.4	-24.4	2,600.0
1985								
1st Q ...	2.2	2.3	2.6	-1.2	-7.5	-5.2	-13.5	66.7
2nd Q ...	1.3	1.5	2.0	-5.0	-8.2	-5.9	-15.3	(X)
3rd Q ...	1.7	2.0	2.6	-6.3	-11.0	-8.4	-19.2	0.0
4th Q ...	2.5	3.0	2.7	6.3	-2.9	-4.2	1.5	-96.3
1986 (p) Jan-Feb .	1.7	1.8	1.9	0.2	-1.1	1.8	-9.6	(X)

p Preliminary.

x Not calculated -- data in base period equaled zero.

^{1/} Total of wage and salary jobs and self-employed in agricultural and non-agricultural industries plus those jobs involved in labor disputes.

Source: Hawaii State Department of Labor and Industrial Relations.

Table 4-2.-- NUMBER OF JOBS BY INDUSTRY: 1984 AND 1985

Series	1984	1985	Percent change from previous year	
			1984	1985
Total jobs <u>1/</u>	461,050	470,050	2.0	2.0
Non-agricultural (wage & salary)	412,650	423,100	1.6	2.5
Construction	15,800	16,950	-11.2	7.3
Manufacturing	21,900	21,850	-2.0	-0.2
Food processing	10,750	9,950	-4.4	-7.4
Transp., commun., utilities ...	31,950	33,350	2.7	4.4
Trade	111,400	115,500	4.3	3.7
Wholesale	18,950	19,500	3.0	2.9
Retail	92,450	96,000	4.5	3.8
Finance, insur., & real estate	31,850	32,000	-0.2	0.5
Services	107,950	110,200	2.9	2.1
Hotels	28,250	28,050	4.6	-0.7
Government	91,850	93,300	0.6	1.6
Federal	32,100	32,400	0.0	0.9
State	46,550	47,400	1.4	1.8
Local	13,200	13,500	-0.8	2.3
Agriculture (wage & salary)	10,800	10,400	-3.6	-3.7
Sugar	4,300	4,100	-4.4	-4.7
Pineapple	2,100	1,950	-8.7	-7.1
Diversified agriculture	4,400	4,350	0.0	-1.1
Non-agricultural self-employed <u>2/</u>	33,450	32,900	9.9	-1.6
Agricultural self-employed <u>2/</u> ...	3,650	3,500	-6.4	-4.1
Labor disputes	450	100	200.0	-77.8

1/ Total of non-agricultural and agricultural wage and salary, self-employed, and jobs involved in labor disputes.

2/ Self-employed includes unpaid family workers and domestics.

Source: Hawaii State Department of Labor and Industrial Relations.

Table 4-3.-- NON-AGRICULTURAL WAGE AND SALARY JOBS BY COUNTY:
1980 TO 1986

Year	State	City & County of Honolulu	Hawaii County	Kauai County	Maui County
1980	404,100	333,050	28,450	15,150	27,500
1981	404,800	332,300	28,850	15,200	28,450
1982	399,400	325,700	28,700	15,150	29,900
1983	406,200	330,100	29,350	15,700	31,050
1984 (r)	412,650	334,400	30,400	15,700	32,150
1985 (r)	423,100	340,800	32,000	16,250	34,100
1984 (r)					
1st Q	409,950	333,050	29,900	15,600	31,400
2nd Q	414,700	336,550	30,250	15,800	32,100
3rd Q	410,350	331,450	30,650	15,800	32,450
4th Q	415,700	336,450	30,900	15,700	32,700
1985 (r)					
1st Q	420,450	337,700	32,100	16,350	34,250
2nd Q	422,950	341,100	31,750	16,100	34,000
3rd Q	422,200	340,100	31,950	16,200	33,950
4th Q	426,900	344,200	32,150	16,350	34,200
1986 (p)					
Jan-Feb ...	426,450	344,050	32,300	16,250	33,850
Percent change from same period in previous year					
1984 (r)	1.6	1.3	3.6	0.0	3.5
1985 (r)	2.5	1.9	5.3	3.5	6.1
1984 (r)					
1st Q	1.6	1.5	2.2	1.3	1.9
2nd Q	2.8	2.6	3.6	1.6	4.9
3rd Q	0.7	0.3	4.3	-0.9	2.9
4th Q	1.3	0.9	4.6	-1.6	4.1
1985 (r)					
1st Q	2.6	1.4	7.4	4.8	9.1
2nd Q	2.0	1.4	5.0	1.9	5.9
3rd Q	2.6	2.6	4.2	2.5	4.6
4th Q	2.7	2.3	4.0	4.1	4.6
1986 (p)					
Jan-Feb ...	1.9	2.4	1.0	-0.3	-0.7

p Preliminary.

r Revised.

Source: Hawaii State Department of Labor and Industrial Relations.

Table 4-4.-- CIVILIAN LABOR FORCE AND EMPLOYMENT BY COUNTY:
1980 TO 1986

[Revised; number of persons]

Subject and year	State	City and County of Honolulu	Hawaii County	Kauai County	Maui County
Civilian labor force:					
1980	440,000	338,350	43,550	19,550	37,550
1981	451,000	345,700	45,450	20,100	39,800
1982	461,000	350,100	47,200	20,850	42,900
1983	472,000	357,150	48,350	21,650	44,850
1984	472,000	357,100	48,650	21,300	44,950
1985	481,000	361,800	50,600	21,800	46,850
1984: 1st Q	468,250	355,200	47,800	21,200	44,000
2nd Q	473,350	358,500	48,650	21,350	44,900
3rd Q	470,800	354,850	49,200	21,350	45,450
4th Q	475,600	359,900	49,000	21,350	45,350
1985: 1st Q	477,650	358,600	50,500	21,800	46,750
2nd Q	481,250	362,450	50,300	21,650	46,850
3rd Q	481,050	361,100	50,950	21,850	47,150
4th Q	484,050	364,950	50,600	21,850	46,650
1986: Jan-Feb	484,400	365,450	50,600	21,900	46,450
Civilian employment:					
1980	418,000	322,800	40,850	18,700	35,650
1981	427,000	328,500	42,150	18,900	37,450
1982	430,000	330,550	41,050	19,550	38,850
1983	442,000	336,550	44,050	20,000	41,450
1984	445,000	338,050	44,900	19,800	42,250
1985	454,000	343,300	46,300	20,300	44,100
1984: 1st Q	441,650	336,950	44,000	19,600	41,100
2nd Q	447,050	340,200	44,700	19,900	42,250
3rd Q	444,250	335,750	45,700	19,850	42,950
4th Q	447,050	339,150	45,300	19,900	42,700
1985: 1st Q	450,650	340,050	46,350	20,300	43,950
2nd Q	453,000	343,100	45,650	20,050	44,150
3rd Q	453,450	342,350	46,500	20,300	44,300
4th Q	458,900	347,750	46,750	20,500	43,900
1986: Jan-Feb	456,600	347,000	46,250	20,200	43,150

Source: Hawaii State Department of Labor and Industrial Relations.

Table 4-5.-- CIVILIAN UNEMPLOYED AND UNEMPLOYMENT RATE BY COUNTY:
1980 TO 1986

[Revised]

Subject and year	State	City and County of Honolulu	Hawaii County	Kauai County	Maui County
Civilian unemployed (persons):					
1980	21,000	15,550	2,700	850	1,900
1981	24,000	17,150	3,300	1,150	2,350
1982	31,000	21,500	4,500	1,700	3,300
1983	30,000	20,600	4,300	1,650	3,400
1984	27,000	19,100	3,750	1,500	2,700
1985	27,000	18,500	4,300	1,500	2,750
1984: 1st Q	26,600	18,250	3,850	1,600	2,950
2nd Q	26,250	18,250	3,900	1,450	2,650
3rd Q	26,600	19,100	3,450	1,450	2,550
4th Q	28,550	20,750	3,700	1,450	2,700
1985: 1st Q	27,000	18,550	4,150	1,450	2,800
2nd Q	28,250	19,350	4,650	1,600	2,700
3rd Q	27,600	18,750	4,450	1,550	2,850
4th Q	25,150	17,250	3,850	1,350	2,700
1986: Jan-Feb	27,800	18,400	4,350	1,750	3,300
Unemployment rate (percent):					
1980	4.9	4.6	6.2	4.3	5.1
1981	5.4	5.0	7.3	5.8	5.9
1982	6.7	6.1	9.5	8.1	7.7
1983	6.5	5.8	8.9	7.7	7.6
1984	5.6	5.3	7.7	7.0	6.0
1985	5.6	5.1	8.5	6.8	5.9
1984: 1st Q	5.7	5.1	8.1	7.5	6.7
2nd Q	5.5	5.1	8.0	6.9	5.9
3rd Q	5.7	5.4	7.0	7.0	5.6
4th Q	6.0	5.7	7.5	6.7	5.9
1985: 1st Q	5.6	5.2	8.2	6.7	6.0
2nd Q	5.9	5.3	9.2	7.4	5.7
3rd Q	5.7	5.2	8.7	7.1	6.0
4th Q	5.2	4.7	7.6	6.2	5.8
1986: Jan-Feb	5.7	5.0	8.6	8.0	7.1

Source: Hawaii State Department of Labor and Industrial Relations.

5. Business Activity

The volume of taxable transactions during the fourth quarter of 1985 grew 7.8 percent from the same period in the previous year, reflecting continuing recovery from the United Airlines strike in the second quarter of 1985. Retail trade, the largest industry component, increased 5.2 percent in 1985.

A recent publication summarized findings of the 1982 Census of Retail Trade, reporting sales by type of merchandise (Tables 5-3 and 5-4). Significant increases were reported for many categories between 1977 and 1982. Sales of lumber and building materials more than tripled, and sales in the categories automotive fuels and lubricants; drugs, health aids, and beauty aids; and small electrical appliances, increased by more than one hundred percent. Further information can be obtained from the DPED report, Merchandise Line Sales in Hawaii, 1982, Statistical Report 185 or the U.S. Bureau of the Census, 1982 Census of Retail Trade: Merchandise Line Sales, Hawaii at the DPED Library.

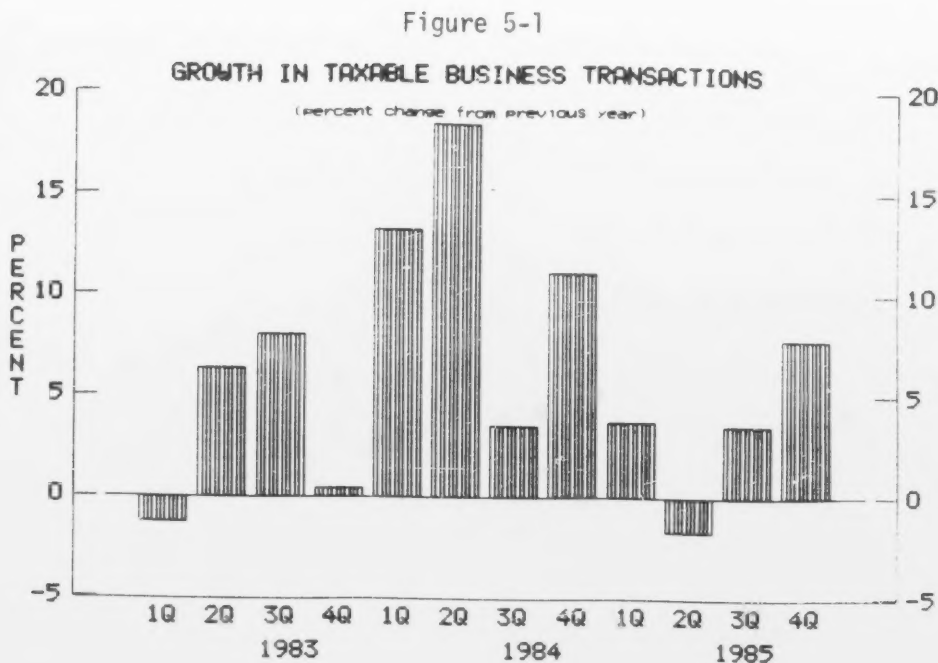


Table 5-1.-- VALUE OF BUSINESS TRANSACTIONS IN HAWAII SUBJECT TO STATE
EXCISE AND USE TAX: 1980 TO 1986

[Millions of dollars]

Year	Total taxable transactions	Selected industry transactions				
		Retailing	Services	Hotel rental	Diversified agriculture	Manu- facturing
1980	18,966.2	6,075.5	1,750.1	720.7	141.3	620.1
1981	20,903.8	6,690.7	1,792.1	759.4	173.3	615.9
1982	20,722.1	7,043.6	1,976.2	875.5	176.8	544.3
1983	21,416.8	7,458.8	2,128.5	858.2	221.6	502.3
1984	23,879.9	8,182.7	2,396.1	1,008.6	257.6	530.1
1985	24,630.3	8,605.2	2,529.7	1,153.4	251.6	538.3
1984: 1st Q ..	5,820.9	1,981.4	554.8	239.6	60.1	126.2
2nd Q ..	6,528.1	2,181.9	662.2	318.6	69.3	153.4
3rd Q ..	5,806.5	1,998.7	606.6	237.3	58.7	130.5
4th Q ..	5,724.3	2,020.8	572.5	213.0	69.5	120.1
1985: 1st Q ..	6,036.5	2,098.4	590.2	337.2	70.8	111.8
2nd Q ..	6,414.8	2,239.9	669.8	289.6	64.5	144.3
3rd Q ..	6,007.0	2,094.0	625.0	276.1	56.3	140.3
4th Q ..	6,172.0	2,172.9	644.7	250.5	60.0	141.8
1986: January	2,305.9	877.8	217.5	97.1	27.0	43.5
Percent change from same period in previous year						
1984	11.5	9.7	12.6	17.5	16.2	5.5
1985	3.1	5.2	5.6	14.4	-2.4	1.5
1984: 1st Q ..	13.2	9.2	11.2	6.8	10.6	15.2
2nd Q ..	18.4	14.4	16.8	45.4	18.0	22.4
3rd Q ..	3.5	3.3	10.0	6.1	7.9	-8.9
4th Q ..	11.1	12.0	12.0	11.8	28.4	-3.3
1985: 1st Q ..	3.7	5.9	8.3	40.7	17.9	-11.4
2nd Q ..	-1.7	2.7	1.2	-9.1	-6.9	-25.5
3rd Q ..	3.5	4.8	3.0	16.4	-4.1	7.5
4th Q ..	7.8	7.5	12.6	17.6	-13.7	18.1
1986: January	4.1	14.9	9.5	-24.3	8.3	11.2

Note: This series derived by lagging reported excise tax base data one month to adjust for reporting delay.

Source: Hawaii State Department of Planning and Economic Development based on raw data from Hawaii State Department of Taxation.

Table 5-2.-- COLLECTIONS OF KEY STATE TAXES AND GENERAL FUND
TAX REVENUES: CALENDAR YEARS 1982 TO 1986

[Thousands of dollars]

Year	General excise and use tax	Net individual income tax <u>1/</u>	Net corporate income tax <u>2/</u>	Tax revenues distributed to State General Fund <u>3/</u>
1982	574,590	296,757	34,785	1,011,465
1983	615,536	358,072	27,960	1,109,876
1984	669,805	413,885	39,681	1,240,352
1985	707,380	450,559	44,074	1,325,791
1984: 1st Q	165,120	112,154	9,588	293,272
2nd Q	173,806	81,345	14,681	313,706
3rd Q	165,634	111,966	10,437	317,326
4th Q	165,245	108,421	4,975	316,049
1985: 1st Q	174,054	108,567	7,522	315,085
2nd Q	178,697	100,301	21,903	344,413
3rd Q	176,769	125,692	11,552	344,675
4th Q	177,860	115,999	3,097	321,618
1986 (p): 1st Q	192,020	125,668	7,783	347,062
Percent change from corresponding period in previous year				
1982	-0.1	-15.1	-20.2	-5.5
1983	7.1	20.7	-19.6	9.7
1984	8.8	15.6	41.9	11.8
1985	5.6	8.9	11.1	6.9
1984: 1st Q	6.0	18.9	48.5	9.5
2nd Q	9.0	50.1	57.1	15.9
3rd Q	9.3	3.7	-7.9	7.4
4th Q	11.0	6.6	498.7	14.6
1985: 1st Q	5.4	-3.2	-21.6	7.4
2nd Q	2.8	23.3	49.2	9.8
3rd Q	6.7	12.3	10.7	8.6
4th Q	7.6	7.0	-37.7	1.8
1986 (p): 1st Q	10.3	15.7	3.5	10.1

Note: This series represents data as reported by the
Department of Taxation, without adjustment.

1/ Declaration of estimated taxes, plus payments with returns,
plus withholding tax on wages, less refunds.

2/ Declaration of estimated taxes, plus payments with returns,
less refunds.

3/ Excludes non-tax sources.

Source: Hawaii State Department of Taxation.

Table 5-3.-- MERCHANDISE LINE SALES OF RETAIL ESTABLISHMENTS
WITH PAYROLL: 1977 AND 1982

Merchandise line	Number of establishments		Sales (\$1,000)	
	1977	1982	1977	1982
Total retail trade 1/	5,237	6,139	3,222,715	5,101,671
Groceries and other foods	994	1,127	607,831	908,817
Meals and snacks	1,501	1,852	407,809	762,547
Alcoholic drinks	657	892	89,649	139,845
Packaged alcoholic beverages	521	616	97,856	150,107
Cigars, cigarettes, and tobacco	596	717	35,569	63,754
Drugs 2/	396	674	48,354	265,268
Health and beauty aids 2/	576		71,285	
Men's and boys' clothing exc. footwear ..	732	816	130,678	186,809
Women's and girls' wear exc. footwear ...	823	977	212,663	358,826
Footwear exc. infants and toddlers	475	494	59,104	67,200
Sewing, knitting, and needlework goods 2/	328	178	49,749	25,803
Curtains, draperies, and dry goods 2/ ...		223		33,762
Major household appliances	170	173	33,755	47,975
Small electric appliances	242	202	14,987	31,128
TVs and video recorders and tapes	152	156	12,977	23,670
Audio equipment and musical instrument and supplies	265	270	31,966	47,674
Furniture and sleep equipment	200	185	44,484	73,472
Floor coverings	172	122	14,940	15,436
Kitchenware and home furnishings	661	430	63,732	54,895
Jewelry	871	860	143,117	165,600
Optical goods	152	103	8,113	10,010
Sporting goods	249	313	50,585	56,792
Hardware, tools, and plumbing and electrical supplies	243	253	31,443	56,361
Lawn and garden equipment and supplies ..	336	311	31,735	51,630
Lumber and building materials	171	152	31,343	100,242
Cars, trucks, and powered vehicles	94	97	337,895	391,570
Automotive fuels 2/	490	425	150,595	365,151
Automotive lubricants 2/		428		10,627
Auto tires, batteries, and accessories ..	600	518	86,804	121,699
All other merchandise	1,208	1,220	208,401	354,915
Unclassified merchandise	(X)	634	(X)	30,577
Nonmerchandise receipts	949	923	94,706	127,232
Miscellaneous merchandise	(X)	(X)	592	2,277

X Not applicable.

1/ Because some establishments carry more than one merchandise line, the number of establishments for each line will not add to the indicated totals.

2/ Due to revisions in merchandise line categories, the number of establishments reported in 1977 and 1982 are not comparable. Sales, however, are additive and therefore, comparable between those two years.

Source: U.S. Bureau of the Census, Census of Retail Trade: Merchandise Line Sales, Hawaii, 1977 and 1982 (unpublished tabulations filed in the Hawaii Department of Planning and Economic Development Library).

Table 5-4.-- MERCHANDISE LINE SALES OF RETAIL ESTABLISHMENTS
WITH PAYROLL, BY GEOGRAPHIC AREA: 1982

Merchandise line	Number of establishments		Sales (\$1,000)	
	Oahu	Other islands	Oahu	Other islands
Total retail trade ^{1/}	4,318	1,821	3,898,767	1,202,904
Groceries and other foods	760	367	638,919	269,898
Meals and snacks	1,394	458	615,707	146,840
Alcoholic drinks	650	242	108,396	31,449
Packaged alcoholic beverages	407	209	112,975	37,132
Cigars, cigarettes, and tobacco	482	235	49,745	14,009
Drugs, health aids, and beauty aids	433	241	208,242	57,026
Men's and boys' clothing exc. footwear ..	500	316	146,419	40,390
Women's and girls' wear exc. footwear ...	608	369	285,930	72,896
Footwear exc. infants and toddlers	320	174	55,486	11,714
Sewing, knitting, and needlework goods ..	95	83	19,439	6,364
Curtains, draperies, and dry goods	118	105	26,956	6,806
Major household appliances	104	69	34,574	13,401
Small electric appliances	124	78	22,813	8,315
TVs and video recorders and tapes	104	52	18,699	4,971
Audio equipment and musical instrument and supplies	173	97	38,482	9,192
Furniture and sleep equipment	128	57	55,307	18,165
Floor coverings	70	52	10,450	4,986
Kitchenware and home furnishings	270	160	43,674	11,221
Jewelry	584	276	137,562	28,038
Optical goods	73	30	8,550	1,460
Sporting goods	202	111	44,229	12,563
Hardware, tools, and plumbing and electrical supplies	130	123	37,555	18,806
Lawn and garden equipment and supplies ..	183	128	37,276	14,354
Lumber and building materials	82	70	54,935	45,307
Cars, trucks, and powered vehicles	69	28	320,107	71,463
Automotive fuels	286	139	274,029	91,122
Automotive lubricants	282	146	7,539	3,088
Auto tires, batteries, and accessories ..	343	175	84,532	37,167
All other merchandise	787	433	277,014	77,901
Unclassified merchandise	434	200	24,303	6,274
Nonmerchandise receipts	676	247	96,847	30,385
Miscellaneous merchandise	(X)	(X)	2,076	201

X Not applicable.

^{1/} Because some establishments carry more than one merchandise line, the number of establishments for each line will not add to the indicated totals.

Source: U.S. Bureau of the Census, Census of Retail Trade: Merchandise Line Sales, Hawaii, 1977 and 1982 (unpublished tabulations filed in the Hawaii Department of Planning and Economic Development Library).

6. The Visitor Industry

The final count of the 1985 visitor arrivals shows that Hawaii's visitor industry ended the year with nearly 4.9 million visitors, an increase of 0.3 percent over 1984. The westbound market experienced a slight dip in 1985, primarily due to the United Airlines strike in the second quarter. However, the eastbound market showed growth of 3.2 percent over 1984. The average daily visitor census for westbound and all visitors also declined in 1985.

The decline in westbound visitors in 1985 had diverse effects on the Neighbor Islands, ranging from an 8.4 percent decrease on the Big Island to a 2.2 percent increase on Kauai. Most of the counties' losses resulted from the strike.

Preliminary data for 1986 show a continued recovery in westbound traffic with a slight loss in eastbound visitors, for an overall gain of 5.1 percent in visitors for the first two months of 1986.

Hotel room rates rose an overall 16.2 percent in 1985, accompanied by minimal changes in occupancy. Further, room rates increased in the first two months of 1986, a period marked by high room occupancy in Hawaii.

Figure 6-1

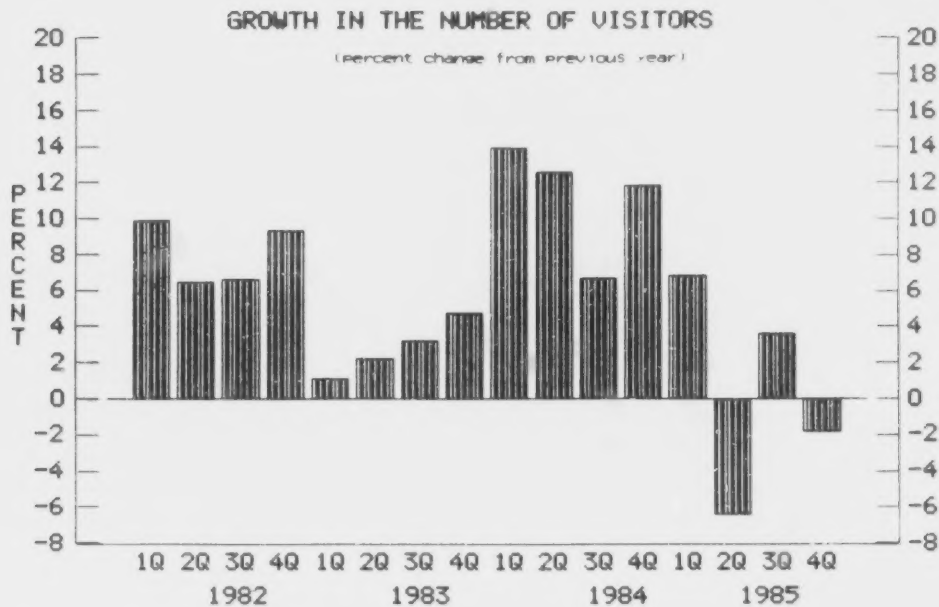


Table 6-1.-- VISITOR ARRIVALS AND AVERAGE DAILY VISITOR CENSUS:
1980 TO 1986

Year <u>1/</u>	Visitors staying overnight or longer			Average daily visitor census	
	Total	Westbound <u>2/</u>	Eastbound <u>3/</u>	Westbound <u>2/</u>	All
1980	3,934,504	3,046,132	888,372	86,788	96,497
1981	3,934,623	2,974,791	959,832	85,449	95,968
1982	4,242,925	3,278,525	964,400	94,740	105,310
1983	4,368,105	3,396,115	971,990	97,390	108,040
1984	4,855,580	3,721,380	1,134,200	106,260	118,660
1985	4,884,110	3,708,610	1,175,500	103,820	118,300
1984 1st Q	1,218,460	954,260	264,200	116,610	128,100
2nd Q	1,206,810	923,040	283,770	102,210	114,960
3rd Q	1,222,940	922,820	290,120	103,330	116,400
4th Q	1,207,310	921,260	286,110	102,910	114,920
1985 1st Q	1,301,480	1,011,810	289,670	119,790	134,270
2nd Q	1,129,550	840,150	289,400	89,510	103,820
3rd Q (r) ...	1,266,910	957,790	309,120	103,620	118,740
4th Q (r) ...	1,186,170	898,860	287,310	101,000	115,050
1986: (Jan-Feb)	879,860	685,210	194,650	127,500	142,350
Percent change from corresponding period in previous year					
1980	-0.7	-3.0	8.2	-3.2	-2.2
1981	0.0	-2.3	8.0	-1.9	-1.0
1982	7.8	10.2	0.5	10.9	8.6
1983	3.0	3.6	0.8	2.8	2.6
1984	11.2	9.6	16.7	9.1	9.8
1985	0.3	-0.6	3.2	-2.3	-0.3
1984 1st Q	13.9	12.9	17.7	18.4	17.9
2nd Q	12.6	11.5	16.6	8.7	9.8
3rd Q	6.7	3.2	14.9	2.4	4.1
4th Q	11.8	11.2	13.7	7.0	7.5
1985 1st Q	6.8	6.0	9.6	2.7	4.8
2nd Q	-6.4	-9.0	2.0	-12.4	-9.7
3rd Q (r) ...	3.6	3.8	6.5	0.3	2.0
4th Q (r) ...	-1.8	-2.4	0.4	-1.9	0.1
1986: (Jan-Feb) .	5.1	6.8	-0.2	5.4	4.8

r Revised.

1/ Beginning in 1984, sample size reduced from 20 to 10 percent and numbers rounded to the nearest 10.

2/ Arriving from the Mainland United States or Canada.

3/ Arriving from the Orient and Pacific areas.

Source: Hawaii Visitors Bureau.

Table 6-2.-- WESTBOUND VISITORS BY COUNTY: 1981 TO 1986

Year ^{1/}	City and County of Honolulu	Hawaii County	Maui County	Kauai County
1981	2,398,477	672,683	1,389,892	757,811
1982	2,589,190	678,170	1,550,080	733,295
1983	2,591,575	712,380	1,644,605	691,940
1984	2,901,320	760,940	1,854,690	814,590
1985	2,828,640	697,380	1,831,110	832,580
1984: 1st Q	726,180	214,100	485,650	205,770
2nd Q	722,140	179,940	467,970	201,790
3rd Q	737,050	182,800	454,620	205,450
4th Q	715,950	184,100	446,450	201,580
1985: 1st Q	746,460	204,500	518,510	223,240
2nd Q	648,180	147,090	418,860	186,830
3rd Q (r)	755,000	173,680	466,040	220,530
4th Q (r)	679,000	172,110	427,700	201,980
1986: (Jan-Feb)	(NA)	142,040	326,070	159,180
Percent change from corresponding period in previous year				
1981	(NA)	(NA)	(NA)	(NA)
1982	8.0	0.8	11.5	-3.2
1983	0.1	5.0	6.1	-5.6
1984	12.0	6.8	12.8	17.7
1985	-2.5	-8.4	-1.3	2.2
1984: 1st Q	15.6	13.0	18.9	38.9
2nd Q	11.8	11.3	19.0	18.6
3rd Q	6.4	1.6	4.9	4.1
4th Q	14.7	1.5	8.9	14.2
1985: 1st Q	2.8	-4.5	6.8	8.5
2nd Q	-10.2	-18.3	-10.5	-7.4
3rd Q (r)	2.4	-4.9	2.5	7.3
4th Q (r)	-5.2	-6.5	-4.2	0.2
1986: (Jan-Feb)	-	6.2	-1.3	13.0

r Revised from previous publication.

NA Not available.

^{1/} Data prior to 1981 are not comparable to later figures due to revisions. Beginning in 1984, sample size changed from 20 to 10 percent.

Source: Hawaii Visitors Bureau.

Table 6-3.-- HOTEL OCCUPANCY RATES BY AREA: 1970 TO 1986

[Percent; survey does not include some large hotel chains]

Date	State	Waikiki	Hawaii Island	Mau Island	Kauai Island
Annual average:					
1970	71.2	74.1	68.3	66.7	58.0
1975	74.1	78.3	59.9	72.3	77.2
1978	79.5	82.1	65.0	80.4	83.3
1979	73.8	77.1	62.0	73.0	76.5
1980	69.3	71.7	52.7	66.2	69.6
1981	68.2	73.9	44.9	70.3	62.7
1982	70.4	77.7	44.0	73.9	57.5
1983	70.3	76.3	46.3	75.2	57.2
1984	76.0	81.2	55.6	80.5	63.0
1985	76.1	80.9	57.6	78.5	64.8
1986: (Jan-Feb)	86.9	(NA)	74.7	87.5	87.5
1985:					
January	84.4	92.1	64.0	83.4	66.6
February	92.8	95.3	83.3	95.5	85.4
March	87.1	90.0	71.7	91.3	84.4
April	73.7	74.7	56.4	83.6	66.3
May	67.6	69.4	46.3	76.7	59.0
June	66.0	74.3	38.9	64.3	51.5
July	75.9	84.8	53.8	72.1	63.5
August	81.4	85.9	62.6	83.8	70.2
September	67.6	72.8	45.3	70.2	58.2
October	74.3	77.4	60.4	78.8	63.0
November	75.9	80.7	59.1	78.3	61.7
December	67.4	73.1	50.8	66.3	50.0
1986:					
January	81.8	82.3	68.3	83.1	84.0
February	92.6	(NA)	81.8	92.3	91.3

NA Not available.

Source: Hawaii Visitors Bureau; Pannell Kerr Forster & Company,
Trends in the Hotel Industry, Hawaii.

Table 6-4.-- EXISTING HOTEL UNITS BY GEOGRAPHIC AREAS: 1970 TO 1985

Year (February of each year)	State total	City and County of Honolulu		County of Hawaii	County of Kauai	County of Maui
		Total	Waikiki			
1970	26,923	18,449	16,590	3,166	2,565	2,743
1975	39,632	25,352	21,812	5,348	3,102	5,830
1976	42,648	25,851	22,117	6,045	3,520	7,232
1977	44,986	27,363	23,627	5,929	3,657	8,037
1978	47,070	28,546	24,934	6,002	3,786	8,736
1979	49,832	30,065	26,346	6,093	4,202	9,472
1980	54,246	34,334	30,443	5,889	4,322	9,701
1981	56,769	33,967	29,473	6,705	4,738	10,713
1982	57,968	33,492	29,047	7,167	5,147	11,596
1983	58,765	34,354	30,108	7,469	4,193	12,110
1984	62,448	36,848	32,239	7,149	5,313	13,138
1985	65,919	38,600	33,879	7,511	5,656	14,152

Source: Hawaii Visitors Bureau, Visitor Plant Inventory.

Table 6-5.-- AVERAGE DAILY HOTEL ROOM RATES BY ISLANDS:
1970 TO 1986

[Dollars]

Year	State	Oahu	Hawaii	Mauï	Kauai
1970	25.74	(NA)	(NA)	(NA)	(NA)
1975	29.75	(NA)	(NA)	(NA)	(NA)
1976	29.54	26.70	30.52	37.61	34.51
1977	34.28	31.87	33.08	42.59	38.45
1978	38.56	35.90	36.70	47.86	42.25
1979	44.40	41.42	41.44	57.15	47.75
1980	47.37	42.70	46.40	61.34	55.16
1981	49.87	43.16	47.16	73.44	56.06
1982	51.78	44.80	47.37	75.02	58.48
1983	55.58	47.62	50.49	81.60	59.75
1984	59.25	49.45	57.17	88.89	65.05
1985	68.84	57.70	64.06	98.51	70.06
1986: (Jan-Feb)	81.19	67.54	78.63	122.73	72.40
Percent change from previous year					
1976	-0.7	-	-	-	-
1977	16.1	19.4	8.4	13.2	11.4
1978	12.5	12.7	10.9	12.4	9.9
1979	15.2	15.4	12.9	19.4	13.0
1980	6.7	3.1	12.0	7.3	15.5
1981	5.2	1.1	1.6	19.7	1.6
1982	3.8	3.8	0.4	2.2	4.3
1983	7.4	6.3	6.6	8.8	2.2
1984	6.6	3.8	13.2	8.9	8.9
1985	16.2	16.7	12.1	10.8	7.7
1986: (Jan-Feb)	12.2	10.0	15.3	18.7	-0.7

NA Not available.

Source: Pannell Kerr Forster & Company, Trends in the Hotel Industry, Hawaii.

7. Construction

Construction activity reached its lowest point in its recent four-year downturn during the fourth quarter of 1984. At that time, the industry was plagued with labor problems, and employment dropped to 13,550 jobs. Since then, the upturn in construction activity increased the number of jobs in the industry to an estimated 17,350 by the fourth quarter in 1985. Construction receipts improved vastly as 1985 progressed, ending with \$1.4 billion in gross taxable receipts for the year, an increase of 16.5 percent over 1984. Cyclical trends in construction are evident in figure 7-1 below.

Total private building authorizations, an indicator of future short-term building activity, increased sharply throughout 1985 due to the growth in all types of authorizations, especially multi-family and commercial and industrial construction permits. Public contracts awarded saw reductions in construction spending in 1985; however, the first quarter of 1986 showed marked improvements in Federal and State government expenditures. Notable construction ventures of 1985 include One Waterfront Plaza, Kaiser Clinic, and Halawa Medium Security Facility.

Figure 7-1

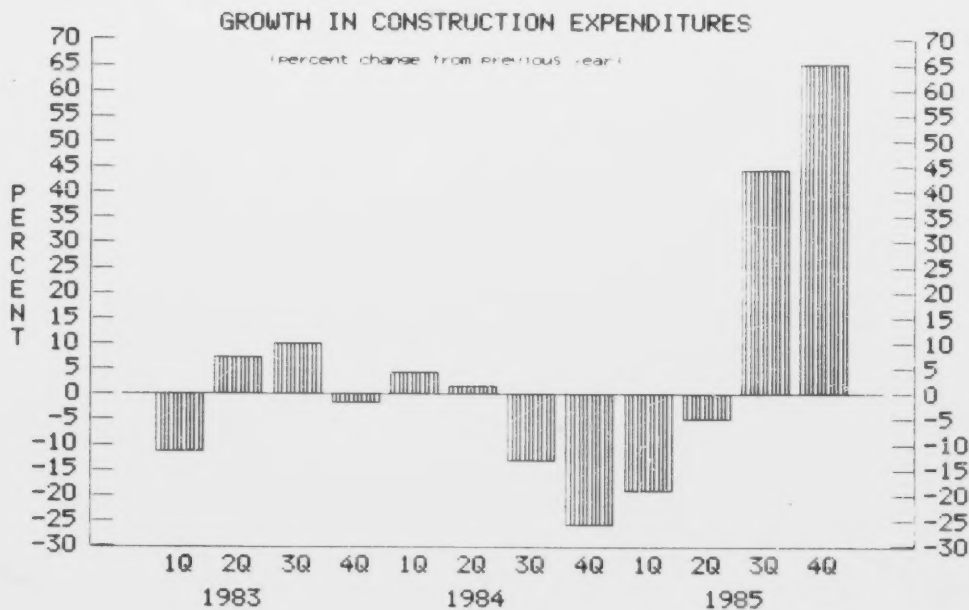


Table 7-1.-- ESTIMATED VALUE OF COMPLETED CONSTRUCTION, NEW PRIVATE BUILDING AUTHORIZATIONS, AND GOVERNMENT CONTRACTS AWARDED: 1980 TO 1986

[Millions of dollars]

Year	Value of construction completed 1/	Private building authorizations				Government contracts awarded
		Total private authorization	Residential	Commercial and industrial 2/	Additions and alterations	
1980	1,569.7	1,219.2	680.2	331.5	207.5	230.6
1981	1,584.7	802.0	398.3	240.8	162.9	427.5
1982	1,323.9	683.1	299.2	242.9	141.1	392.7
1983	1,334.2	685.2	296.2	203.2	185.9	277.9
1984	1,227.2	581.5	327.8	104.0	149.8	411.8
1985	1,429.6	889.0	500.1	208.8	180.1	248.5
1984: 1st Q ..	332.1	145.8	75.5	32.3	38.0	65.9
2nd Q ..	365.0	157.5	92.6	28.2	36.7	124.8
3rd Q ..	297.1	136.0	73.0	24.2	38.9	84.1
4th Q ..	233.0	142.2	86.7	19.3	36.2	136.9
1985: 1st Q ..	268.6	196.1	130.0	30.1	35.9	52.1
2nd Q ..	347.4	226.9	158.3	25.4	43.1	51.4
3rd Q (r)	428.7	219.5	120.6	52.4	46.6	65.3
4th Q ..	384.8	246.5	91.1	100.9	54.5	79.7
1986: 1st Q ..	(NA)	(NA)	(NA)	(NA)	(NA)	78.7
Percent change from corresponding period in previous year						
1984	-8.0	-15.1	9.6	-52.0	-20.3	48.2
1985	16.5	52.9	52.6	100.8	20.2	-39.6
1984: 1st Q ..	4.3	24.3	31.4	75.1	-8.2	-33.0
2nd Q ..	1.5	0.4	38.4	-11.8	-38.0	427.0
3rd Q ..	-13.2	-35.6	-38.1	-49.3	-15.1	17.5
4th Q ..	-25.8	-28.8	60.6	-81.3	-14.7	62.6
1985: 1st Q ..	-19.1	34.5	72.3	-6.7	-5.4	-20.9
2nd Q ..	-4.8	44.1	71.0	-14.7	23.4	-58.8
3rd Q (r)	44.2	61.4	65.2	116.5	19.8	-22.4
4th Q ..	65.2	73.3	5.1	422.8	50.6	-41.8
1986: 1st Q ..	-	-	-	-	-	51.0

r Revised.

NA Not available.

1/ Value of construction subject to State excise tax. Tax data adjusted to reflect reporting delay of about one month.

2/ Includes hotels.

Source: Hawaii State Department of Taxation; County building departments; Trade Publishing Co., Building Industry Digest; BID Service Weekly; and First Hawaiian Bank.

Table 7-2.-- ESTIMATED VALUE OF PRIVATE BUILDING CONSTRUCTION
AUTHORIZATIONS BY COUNTY: 1980 TO 1985

[Millions of dollars]

Year	State	City and County of Honolulu	Hawaii County	Kauai County	Maui County
1980	1,219.2	686.3	146.0	133.3	253.7
1981	802.0	454.1	136.5	67.7	139.6
1982	683.1	473.0	75.2	44.2	90.7
1983	685.2	366.8	86.7	140.5	91.3
1984	581.5	378.3	90.3	53.0	59.8
1985	889.0	524.8	121.3	63.9	178.9
1984 1st Q ...	145.8	90.1	23.6	16.2	15.9
2nd Q ...	157.5	113.8	18.3	11.4	14.0
3rd Q ...	136.0	83.0	21.5	14.8	16.7
4th Q ...	142.2	91.5	26.9	10.7	13.2
1985 1st Q ...	196.1	119.2	46.0	14.6	16.3
2nd Q ...	226.9	96.8	19.9	15.2	95.1
3rd Q ...	219.5	138.3	31.2	18.9	31.1
4th Q ...	246.5	170.6	24.2	15.2	36.5
Percent change from corresponding period in previous year					
1980	39.4	36.9	30.1	17.1	72.0
1981	-34.2	-33.8	-6.5	-49.2	-45.0
1982	-15.1	4.2	-44.9	-34.7	-35.0
1983	0.3	-22.4	15.3	217.5	0.6
1984	-15.1	3.1	4.3	-62.3	-34.4
1985	52.9	38.7	34.3	20.5	199.0
1984 1st Q ...	24.3	37.8	25.5	-24.3	34.7
2nd Q ...	0.4	41.6	-17.6	-69.8	-15.1
3rd Q ...	-35.7	-40.4	-14.0	-53.7	9.4
4th Q ...	-28.8	11.6	29.8	-78.4	-72.3
1985 1st Q ...	33.2	32.3	94.5	-9.5	2.4
2nd Q ...	44.1	-14.9	8.3	33.6	578.4
3rd Q ...	61.4	66.6	45.1	28.0	86.2
4th Q ...	73.3	86.5	-9.8	42.3	176.1

Source: County building departments.

Table 7-3.-- ESTIMATED VALUE OF GOVERNMENT CONSTRUCTION
CONTRACTS AWARDED BY AWARDING AGENCY: 1980 TO 1986

[Millions of dollars]

Year	Total	Federal	State	County
1980	230.6	66.5	120.0	44.1
1981	427.5	176.1	180.5	70.9
1982	392.7	139.6	182.0	71.2
1983	277.9	84.7	126.8	66.4
1984	411.8	130.0	196.7	85.1
1985	248.5	74.8	93.8	79.9
1984: 1st Q	65.9	8.7	38.9	18.3
2nd Q	124.8	33.2	78.0	13.6
3rd Q	84.1	5.9	58.4	19.8
4th Q	136.9	82.2	21.3	33.3
1985: 1st Q	52.1	7.4	7.9	36.8
2nd Q	51.4	15.9	27.3	8.3
3rd Q	65.3	7.3	33.6	24.4
4th Q	79.7	44.2	25.0	10.4
1986: 1st Q	78.7	13.9	47.6	17.2
Percent change from corresponding period in previous year				
1980	-40.7	-37.1	-45.7	-28.8
1981	85.4	164.8	50.5	60.6
1982	-8.1	-20.7	0.8	0.4
1983	-29.3	-39.3	-30.3	-6.7
1984	48.2	53.4	55.1	28.2
1985	-39.6	-42.4	-52.3	-6.2
1984: 1st Q	-33.0	-25.7	-27.4	-44.7
2nd Q	526.0	478.3	828.5	42.3
3rd Q	17.5	-65.4	58.0	11.8
4th Q	62.6	63.1	-23.1	455.0
1985: 1st Q	-20.8	-14.3	-79.6	101.2
2nd Q	-58.8	-52.2	-65.1	-39.4
3rd Q	-22.4	23.7	-43.2	23.2
4th Q	-41.8	-46.2	17.4	-68.8
1986: 1st Q	51.0	87.3	500.6	-53.2

Source: Trade Publishing Co., Building Industry
Digest: BID Service Weekly and First Hawaiian Bank,
Research Division.

Table 7-4.-- NUMBER OF SINGLE-FAMILY AND MULTI-FAMILY HOUSING UNITS
AUTHORIZED BY COUNTY: 1980 TO 1985

Year	State	City and County of Honolulu	Hawaii County	Kauai County	Mau i County
Single-family units (including duplexes):					
1980	4,058	1,645	1,204	401	808
1981	2,649	728	1,048	409	464
1982	2,285	725	800	230	530
1983	3,417	1,627	938	291	561
1984	4,442	2,513	928	361	640
1985	4,951	2,436	1,046	453	1,016
1984: 1st Q	1,092	651	224	70	147
2nd Q	1,324	818	252	96	158
3rd Q	1,115	568	250	111	186
4th Q	911	476	202	84	149
1985: 1st Q	802	329	239	85	149
2nd Q	1,236	650	251	88	247
3rd Q	1,644	841	318	181	304
4th Q	1,269	616	238	99	316
Multi-family units (3 or more units per structure):					
1980	6,603	3,297	727	766	1,813
1981	3,142	1,873	270	64	935
1982	4,594	4,109	245	118	122
1983	1,341	1,220	38	73	10
1984	1,021	829	153	35	4
1985	2,450	1,807	128	84	431
1984: 1st Q	61	22	4	35	0
2nd Q	331	331	0	0	0
3rd Q	134	81	49	0	4
4th Q	495	395	100	0	0
1985: 1st Q	1,151	976	124	44	7
2nd Q	696	316	0	0	380
3rd Q	291	217	0	40	34
4th Q	312	298	4	0	10

Source: County building departments.

Table 7-5.-- CONSTRUCTION EMPLOYMENT AND EARNINGS: 1980 TO 1985

Year	Total jobs	Average weekly hours	Full-time equivalent jobs <u>1/</u>	Insured unemployed persons <u>2/</u>	% un-employed <u>3/</u>	Average hourly earnings (in dollars)
1980	23,950	36.2	21,700	2,650	10.9	11.85
1981	21,900	36.2	19,800	3,500	15.0	13.13
1982	17,850	35.8	16,000	4,000	20.0	14.50
1983	17,800	37.2	16,500	2,850	14.7	15.80
1984	15,800	36.9	14,600	3,500	19.3	16.46
1985	16,950	36.5	15,450	(NA)	(NA)	17.14
1984: 1st Q .	16,950	38.1	16,150	2,950	15.4	16.36
2nd Q .	16,950	35.8	15,150	3,050	16.8	16.53
3rd Q .	15,700	37.9	14,900	3,650	19.7	16.38
4th Q .	13,550	35.3	11,950	4,400	26.9	16.57
1985: 1st Q .	16,000	36.8	14,700	(NA)	(NA)	16.77
2nd Q .	16,950	36.0	15,250	(NA)	(NA)	16.73
3rd Q .	17,500	37.7	16,500	(NA)	(NA)	17.14
4th Q .	17,350	35.7	15,500	(NA)	(NA)	17.90
Percent change from corresponding period in previous year						
1980	2.4	0.6	3.1	55.9	-	7.2
1981	-8.6	0.0	-7.1	32.1	-	11.2
1982	-18.5	-1.1	-19.2	14.3	-	9.4
1983	-0.3	3.9	3.4	-28.7	-	9.0
1984	-11.2	-1.6	-11.5	22.8	-	4.2
1985	7.3	-1.1	5.8	(NA)	-	4.1
1984: 1st Q .	-6.4	-1.3	-7.5	4.5	-	5.4
2nd Q .	-4.8	-4.8	-9.5	6.0	-	5.7
3rd Q .	-12.3	-0.2	-12.4	42.6	-	3.5
4th Q .	-22.6	2.6	-20.6	43.5	-	2.1
1985: 1st Q .	-5.6	-3.4	-8.9	(NA)	-	2.4
2nd Q .	0.0	0.6	0.7	(NA)	-	1.2
3rd Q .	11.5	0.5	10.7	(NA)	-	4.6
4th Q .	28.0	1.1	29.7	(NA)	-	8.0

NA Not available.

1/ Equivalent number of jobs if all workers had worked a 40-hour week.2/ Since 1982, tabulations done once a week every quarter.3/ Percent unemployed is defined as the ratio of insured persons to the total of insured unemployed and full-time equivalent jobs, expressed as a percent.

Source: Hawaii State Department of Labor and Industrial Relations.

Table 7-6.-- HONOLULU CONSTRUCTION COST INDEXES: 1980 TO 1986

[1967=100]

Year <u>1/</u>	Single-family residence			High-rise building		
	All components	Material prices	Labor <u>2/</u>	All components	Material prices	Labor <u>2/</u>
1980	283.2	263.8	307.8	290.1	270.5	307.1
1981	291.2	254.2	336.6	308.2	274.6	337.4
1982	304.7	250.6	373.0	330.3	281.4	372.8
1983	331.5	276.5	400.9	352.1	294.6	402.0
1984	348.2	281.4	432.5	367.2	294.5	430.2
1985	357.6	286.7	447.1	375.2	295.8	444.0
1984: March	348.0	283.0	430.0	367.4	296.0	429.3
June	347.4	280.4	431.8	367.1	294.1	430.4
Sept.	352.2	281.6	441.2	370.2	293.7	436.6
Dec.	350.4	278.7	441.0	369.1	291.6	436.4
1985: March	352.6	281.8	442.0	370.1	291.5	438.3
June	356.3	288.4	442.0	373.1	297.0	439.1
Sept.	364.5	291.1	457.1	382.5	299.5	454.4
Dec.	363.0	287.5	458.3	381.1	295.7	455.1
1986: March	365.3	290.2	460.0	383.2	298.9	456.3
Percent change from corresponding period in previous year						
1980	6.4	6.2	6.6	9.8	13.8	6.8
1981	2.8	-3.6	9.4	6.3	1.5	9.9
1982	4.6	-1.4	10.8	7.2	2.5	10.5
1983	8.8	10.3	7.5	6.6	4.7	7.8
1984	5.0	1.8	7.8	4.3	0.0	7.0
1985	2.7	1.9	3.4	2.2	0.4	3.2
1984: March	7.4	5.7	8.9	5.4	1.2	8.0
June	3.2	-2.9	8.8	4.4	-0.1	8.0
Sept.	4.2	-0.4	8.0	4.0	-1.0	7.2
Dec.	3.2	-1.4	7.1	2.8	-1.8	5.7
1985: March	1.3	-0.4	2.8	0.7	-1.5	2.1
June	2.6	2.9	2.4	1.6	1.0	2.0
Sept.	3.5	3.4	3.6	3.3	2.0	4.1
Dec.	3.6	3.2	3.9	3.3	1.4	4.3
1986: March	3.6	3.0	4.1	3.5	2.5	4.1

1/ Annual averages unless otherwise specified.2/ Includes wages and benefits.

Source: First Hawaiian Bank, Research Division.

8. Major Sources of Income

Defense expenditures grew 4.5 percent in 1985 due to increases in the purchases of supplies, equipment, and services by all branches of service. The Army recorded the largest gain due to the installation of a large computer system and a backlog of construction projects delayed by construction strikes. The Air Force experienced decreases due to sharp reductions in military payroll in the fourth quarter 1985.

The value of processed sugar decreased in 1985 due to a drop in sugar production and prices. However, with the passage of the 1985 Farm Act, the Federal government continues to support the price of sugar, guaranteeing a price of 18 cents a pound for raw sugar for the next five years. Canned pineapple production dropped substantially due to the closing of the Del Monte processing plant on Oahu and drought conditions in 1984.

Table 8-1.--DIRECT INCOME OR PRODUCTION VALUE OF MAJOR EXPORT INDUSTRIES: 1960 TO 1985

[Millions of dollars]

Year	Visitor expenditures	Defense expenditures	Value of production	
			Sugar 1/	Pineapple
1960	131	351.4	118.4	119.4
1970	595	639.4	187.8	138.6
1980	2,875	1,317.4	594.1	226.5
1981	3,200	1,449.3	327.9	217.6
1982	3,700	1,693.4	351.5	206.0
1983	3,974	1,848.2	410.2	219.0
1984	4,582	1,867.2	393.0	249.6
1985 (p)	4,900	1,951.8	(NA)	(NA)

p Preliminary.

NA- Not available.

1/ Includes value of molasses.

Source: Hawaii Visitors Bureau; quarterly reports of armed forces; Hawaiian Sugar Planters' Association; Pineapple Growers Association of Hawaii and State Department of Agriculture.

Table 8-2.-- DEFENSE EXPENDITURES IN HAWAII BY SERVICE:
1980 TO 1985

[Millions of dollars]

Year or quarter	Total	Navy and Marine	Army	Air Force	Coast Guard
1980	1,317.4	711.3	441.8	141.7	22.7
1981	1,449.3	770.4	493.8	158.3	26.7
1982	1,693.4	878.2	611.5	173.7	29.9
1983	1,848.2	935.9	702.7	182.6	27.0
1984	1,867.2	948.2	685.2	207.6	26.2
1985	1,951.8	941.6	780.4	201.0	28.7
1984					
1st Q	461.2	237.5	163.2	54.0	6.6
2nd Q	463.5	236.0	169.5	51.3	6.6
3rd Q	459.7	236.9	165.8	50.9	6.1
4th Q	482.8	237.8	186.8	51.3	6.9
1985					
1st Q	465.8	226.1	180.0	52.9	6.9
2nd Q	538.6	253.3	225.4	52.4	7.5
3rd Q	477.8	227.2	191.4	52.3	6.9
4th Q	469.5	235.0	183.6	43.5	7.5
Percent change from corresponding quarter in previous year					
1980	7.8	11.0	2.8	9.6	2.7
1981	10.0	8.3	11.8	11.7	17.6
1982	16.8	14.0	23.8	9.7	12.0
1983	9.1	6.6	14.9	5.1	-9.7
1984	1.0	1.3	-2.5	13.7	-2.7
1985	4.5	-0.7	13.9	-3.1	9.6
1984					
1st Q	-1.5	2.9	-12.9	23.3	0.4
2nd Q	2.3	-0.7	3.9	12.8	-5.6
3rd Q	-0.8	3.0	-7.0	6.3	-14.8
4th Q	4.2	0.1	7.3	13.0	11.4
1985					
1st Q	1.0	-4.8	10.3	-2.1	3.9
2nd Q	16.2	7.3	33.0	2.0	13.7
3rd Q	3.9	-4.1	15.4	2.8	13.1
4th Q	-2.7	-1.2	-1.7	-15.2	8.5

Note: Data include all appropriated expenditures for military and civilian payrolls, services, supplies and construction. Excludes R&R expenditures, dependent allotments, retired military pay and non-appropriated funds for exchanges, clubs, special services, etc.

Source: Quarterly reports from armed forces, compiled by DPED.

Table 8-3.-- VALUE OF PROCESSED SUGAR AND CANNED PINEAPPLE
SUBJECT TO STATE EXCISE TAX: 1980 TO 1985

Year	Value of shipments 1/ (millions of dollars)		Percent change from same period in previous year	
	Sugar processing 2/	Pineapple canning	Sugar processing	Pineapple canning
1980	545.3	190.9	85.4	9.6
1981	392.5	169.8	-28.0	-11.1
1982	336.3	189.3	-14.3	11.5
1983	421.5	174.2	25.3	-8.0
1984	427.2	213.3	1.4	22.4
1985	355.7	100.1	-16.7	-53.1
1982				
1st Q	62.9	44.3	-49.4	65.3
2nd Q	80.8	38.8	-33.6	-22.6
3rd Q	100.6	63.1	19.2	-1.4
4th Q	92.0	43.1	47.4	49.1
1983				
1st Q	105.9	32.6	68.4	-26.4
2nd Q	99.9	40.4	23.6	4.3
3rd Q	136.2	50.9	35.4	-19.3
4th Q	79.4	50.3	-13.7	16.7
1984				
1st Q	90.1	53.6	-14.9	64.4
2nd Q	114.4	47.8	14.5	18.3
3rd Q	131.0	52.5	-3.8	3.0
4th Q	91.7	59.5	15.4	18.4
1985				
1st Q	84.6	35.4	-6.1	-34.0
2nd Q	87.5	32.7	-23.5	-31.5
3rd Q	107.3	15.8	-18.3	-69.9
4th Q	76.3	16.1	-16.8	-72.9

Note: These data are compiled for excise tax purposes and for various reasons differ from annual figures in table 8-1, prepared by the Hawaii State Department of Agriculture. These are, however, the only data related to the value of sugar and pineapple that are available on a monthly or quarterly basis and provide an indication of industry trends.

1/ Processed sugar and canned pineapple are taxed at the time the products leave factory inventories rather than at the time of actual sale.

2/ Includes value of molasses.

Source: Hawaii State Department of Taxation.

Table 9-1.-- RECENT ECONOMIC AND DEMOGRAPHIC TRENDS: STATE OF HAWAII

Series 1/	Unit	Period	Number	Percent change	
				From preced- ing period	From same period in previous year
Resident population					
State	Persons	July 1, 1984	1,039,000	-	2.0
City and County of Honolulu ..	Persons	July 1, 1984	805,300	-	1.6
Hawaii County	Persons	July 1, 1984	106,400	-	3.4
Kauai County	Persons	July 1, 1984	44,000	-	2.1
Maui County	Persons	July 1, 1984	83,100	-	4.0
Income					
Total personal income 2/	\$ Million	4th Quarter	14,582	1.7	5.5
Consumer price index (Honolulu)					
All items	(1967=100)	December	298.5	-	3.3
Food prices	(1967=100)	December	334.4	-	3.9
Construction					
Total private permits	\$ Million	1985	889.0	-	52.9
Total residential permits	\$ Million	1985	500.1	-	52.6
New single-family units	Number	1985	4,951	-	11.5
New multi-family units	Number	1985	2,450	-	140.0
Government contracts awarded ...	\$ Million	1985	248.5	-	-39.6
Construction cost indexes (Hon.)					
Single family	(1967=100)	1985	357.6	-	2.7
High-rise buildings	(1967=100)	1985	375.2	-	2.2
Employment					
Total civilian labor force	Persons	1985	481,000	-	1.9
Civilian employment	Persons	1985	454,000	-	2.0
Civilian unemployment	Persons	1985	27,000	-	0.0
Unemployment rate	Percent	1985	5.6	-	-
Total jobs	Number	1985	470,050	-	2.0
Visitor industry					
Total visitors	Number	1985	4,884,110	-	0.3
Westbound	Number	1985	3,708,610	-	-0.6
Eastbound	Number	1985	1,175,500	-	3.2
Visitor expenditures (p)	\$ Million	1985	4,900	-	6.9
Hotel units	Number	February	65,919	-	5.5
Defense expenditures	\$ Million	1985	1,951.8	-	4.5
Sugar production	\$ Million	1984	393.0	-	-4.2
Pineapple sales	\$ Million	1984	249.6	-	14.0

p Preliminary.

1/ Statewide data unless indicated otherwise.

2/ Seasonally adjusted at annual rate.

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Quarterly Statistical & Economic Report

- **The Economy:
Recent Trends
Revised Forecast 1986-87**
- **Trends in Hawaii Tourism 1986-87**
- **Statistical Tables**

2nd Quarter 1986

DEPARTMENT OF PLANNING AND ECONOMIC DEVELOPMENT



This quarterly report has been prepared by the Research and Economic Analysis Division of the Department of Planning and Economic Development (DPED). It presents information and analysis concerning current statistical and economic trends affecting Hawaii. Technical notes and source descriptions have been kept to a minimum. However, the staff of the Research and Economic Analysis Division will be happy to respond to any inquiries of a technical nature that readers may have (548-3062).

The report was prepared under the direction of Dr. Richard Y. P. Joun, Head, Research and Economic Analysis Division, by Robert Shore, Tu Pham, Karen Yamashita, and Sharon Nishi. The cover was prepared by Stewart Wastell, illustrator in DPED's Planning Division. Graphics by the DPED Economic Planning Information System Project.

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1. THE ECONOMY -- RECENT TRENDS AND OUTLOOK

A. Current Economic Conditions

Prospects for tourism in 1986 have brightened considerably in recent months due to improvement in some key economic factors and the fear that U.S. residents apparently have for their safety if they travel abroad. The surge in tourism will likely pack hotels across the State this summer and should carry over into the normally slow September-November period.

Nationally, lower oil prices and the declines in interest rates and the international value of the dollar have increased the likelihood of accelerated economic growth in the second half of 1986.

Hawaii's Economy

Tourism to Hawaii increased 7.7 percent the first four months of 1986 compared to the same period a year earlier and the industry is bracing for a surge of tourism for at least the rest of the summer (see chapter III for a detailed look at current trends in tourism). Visitor statistics for May and June of this year will show especially impressive percent increases since those were the months which were affected by the United Airlines strike last year.

The visitor industry upswing is showing up in statistics on retail and service trade, which recorded increases of 9.7 and 10.7 percent respectively in sales subject to excise tax during the first quarter of the year. Total jobs during the first quarter showed a 1.4 percent increase from the same period of 1985. This is a rather modest rate of increase and suggests that the full impact of this year's visitor activity is yet to come.

Ironically, the least impressive statistics on industry performance in the first quarter of 1986 were among hotels, with employment down almost 6 percent and revenues subject to excise tax down 17 percent from the same quarter of 1985. However, the closing of two major hotels in the State for renovations in 1985 partly explains the decline in hotel jobs. Statistical sampling error in estimating jobs in specific industries may also be a factor and jobs are subject to considerable revision when actual payroll data are compiled. Likewise, the decline in revenue reported in excise tax payments is probably not reflective of actual operating revenue for the period. For one thing, legislative changes have allowed some operations to report revenue only quarterly rather than monthly. Also large excise tax refunds for various reasons can distort even quarterly data. It may require at least six months of excise tax information to reveal the actual trends in hotel industry revenue for 1986.

One sector of the economy whose revenue and jobs statistics are quite unambiguous is construction. The value of construction for tax purposes has been up from 44 to 65 percent in each of the last three calendar quarters. Total construction jobs increased almost 6 percent by

preliminary count in the first three months of 1986, and the preliminary jobcount has tended to be conservative compared with final data. Total private authorizations for new construction in the first quarter were up 20 percent over the same period last year and government contracts in the first quarter were up 51 percent, thanks primarily to an upsurge in State government projects.

Employment conditions in Hawaii's agricultural sector appeared to have stabilized in the first quarter of 1986 after declines in 1985. Employment in diversified agriculture showed a 5 percent increase in the first three months of the year. Pineapple field operations showed a 9 percent increase in jobs for the first quarter, while jobs in the sugar fields remained at the same level as the 1985 first quarter.

The U.S. Economy

While positive economic events occurred in abundance for the U.S. in the first half of 1986, they have not yet been translated into significant economic growth. However, a number of signs indicate that an acceleration of economic activity is likely in the second half of 1986. Among the more significant indicators, the U.S. Commerce Department's index of leading economic indicators rose 1.5 percent in April, the sharpest monthly increase since June 1983. The index has gained an impressive 3.2 percent since February.

If the second-half upturn in business activity turns out to be less impressive than anticipated, it will likely be due to continued stagnation in the Midwest farm belt, the more recent recession in U.S. oil production which has curbed growth in States such as Texas and Oklahoma, and the industrial machinery industry which has yet to recover from the 1981-82 recession. Hopefully, the dollar's lower value will help boost foreign exports from America's depressed farm belt and help make U.S. industrial machinery more competitive. The prospects for the U.S. petroleum industry are less certain since an increase in petroleum prices back to levels of the past few years appears unlikely, at least in the near future.

B. The Economic Outlook

National Outlook

Despite months of anticipation that improvement in such underlying economic factors as interest rates, the dollar's value, and oil prices would stimulate growth in the U.S. economy, that growth currently appears to be limited to the construction industry. However, forecasters are still confident that the second half of 1986 will experience a general upturn. If so, it would breath new life into an economic recovery that is almost 43 months old. By comparison, the last major period of economic expansion in the U.S. from 1975 to 1979--lasted 57 months. So while mature, the present recovery still has considerably more potential life, judging by past experience.

Table 2-1 presents the most recent composite forecast of U.S. economic activity as compiled and presented by the Blue Chip Economic Indicators. It reflects annualized quarterly GNP growth of over 4 percent in the third and fourth quarters of 1986, up from an estimated 3.7 and 2.7 in the first and second quarters respectively.

For 1987, the forecast anticipates growth in real GNP of about 3.5 percent, a somewhat higher level of inflation, but only slight increases in interest rates. Of the 51 major forecasts that are compiled to produce a "consensus" forecast, only one anticipates a recession for 1987, while 17 of the 51 forecasts (or one-third) expect growth ranging from 4.0 to 5.5 percent.

Outlook for Hawaii

Table 2-2 presents DPED's revised forecast for 1986, 1987, and the balance of the decade.

Based on favorable trends in the U.S. economy and the travel market, DPED has revised upwards its forecast for visitor arrivals in 1986 to an overall 12 percent (see Chapter 3). This growth, coupled with continued improvement in the construction industry, should generate an increase in jobs and income and bolster the kind of confidence that may lead to accelerated investment in the State's economy. The total number of jobs is forecast to increase by about 15,000 in 1986 or 3.3 percent over 1985. Construction will likely have a very good year in 1986, increasing an estimated 16 percent in real terms.

As the evidence mounts that 1986 is turning out to be a very good year for Hawaii's economy, the focus of attention will increasingly shift to prospects for 1987 and beyond. Generally, the more outstanding 1986 turns out to be economically, the more difficult it will be to repeat that performance in 1987. Assuming that tourism in 1986 reaches the anticipated 12 percent, the DPED forecast anticipates a slower, 4 percent growth rate in total visitor arrivals for 1987. Also, the pent-up demand for construction is increasingly satisfied, that industry will also grow at a more moderate rate in 1987, even if interest rates remain at or about current levels. The growth in real personal income will likely slow to a 2 to 3 percent rate of increase in 1987 but the rate of increase in the number of jobs will slow only slightly, to about 3 percent. Hawaii is likely to experience a higher level of inflation in 1987 -- about 4 percent compared with the 2.5 percent rate expected this year. All of these expectations are based on the likelihood of continued economic growth at the national level as forecast.

In summary, Hawaii's economy in 1987 will not likely duplicate the high level of performance in 1986. However, it is still expected to be a good year for the economy with continued stimulation from an expanding national economy. The course of the economy beyond 1987 is less certain, of course, but assuming the national economy is able to avoid recession, Hawaii's economy should continue to grow moderately as indicated in table 2-2.

Table 1-1.-- COMPOSITE FORECAST OF KEY U.S. ECONOMIC VARIABLES:
1986 TO 1990

[Percent]

Variable	Quarterly growth rate <u>1/</u>					Annual growth rate		
	Actual		Forecast			1985 to 1986	1986 to 1987	1987 to 1990
	1985 Q 4	1986 Q 1	1986					
			Q 2	Q 3	Q 4			
Real GNP	0.7	3.7	2.7	4.0	4.2	2.8	3.5	3.1
Industrial production ...	1.3	1.3	1.7	5.3	5.8	2.3	4.0	3.6
GNP deflator	3.3	2.5	1.6	2.8	3.2	2.7	3.4	4.0
Consumer price index	4.3	1.5	-0.2	3.0	3.6	2.1	3.4	3.9
Real disposable income ..	2.3	7.0	4.2	2.7	3.3	3.1	3.1	(NA)
Unemployment rate	7.0	7.1	7.0	6.9	6.8	6.9	6.6	6.5
90-day Treasury bill rate	7.2	7.0	6.1	6.1	6.3	6.4	6.5	6.9
AAA corporate bond rate .	10.6	9.6	8.8	8.8	8.9	9.0	9.0	9.0

NA Not available.

1/ Annualized percent change from previous quarter.

Source: Eggert Economic Enterprises, Inc., Blue Chip Economic Indicators, June 10, 1986 (1986-87 Forecast), March 10, 1986 (1987-90 projection).

Table 1-2.-- DPED ECONOMIC FORECAST FOR HAWAII: 1986 TO 1990

[Calendar years]

Economic variable	Actual or estimated: 1985	Forecast			Average annual percent change		
		1986	1987	1990	85-86	86-87	87-90
Forecast assumptions: 1/							
Population (thousand)	1,057.8	1,073.5	1,089.3	1,138.4	1.5	1.5	1.5
Visitor arrivals (million) .	4.9	5.5	5.7	6.4	12.0	4.0	4.0
Consumer price index (1967=100)	294.1	301.5	313.6	352.7	2.5	4.0	4.0
Sugar tax base (millions of current dollars)	360.0	360.0	360.0	360.0	0.0	0.0	0.0
Forecast:							
Personal income (millions of Constant 1980 dollars) ...	11,105	11,592	11,893	12,774	4.4	2.6	2.4
Personal income (millions of current dollars)	14,293	15,296	16,319	19,717	7.0	6.7	6.5
Total jobs (1,000)	470.3	485.7	500.4	538.1	3.3	3.0	2.5
Construction	17.0	18.9	19.9	21.1	11.2	5.3	2.0
Manufacturing	21.9	22.1	22.1	22.9	0.9	0.0	1.2
Agriculture	10.4	10.4	10.5	10.5	0.0	1.0	0.2
Government	93.3	94.8	97.5	102.9	4.5	2.8	1.4
Other salary & wage jobs .	291.3	302.5	312.8	341.6	3.8	3.4	3.2
Self-employed	36.4	37.0	37.6	39.1	1.6	1.6	1.4
Total construction (constant 1972 dollars)	539.8	627.9	679.2	733.5	16.3	8.2	2.6
Residential	172.3	217.8	240.0	297.8	12.5	26.4	7.5
Commercial	136.7	175.1	197.5	186.9	28.1	12.8	-1.8
Government	179.5	180.0	180.0	180.0	0.3	0.0	0.0
Non-structural	51.3	55.0	61.7	68.8	43.7	7.3	11.5

1/ Used in forecasting other variables.

Source: Department of Planning and Economic Development, Hawaii Econometric Model Project, June 1986.



2. TRENDS IN HAWAII TOURISM: 1986

Even before the year began, there was a sense of optimism that 1986 would likely be a relatively good year for Hawaii tourism. Prospects for economic growth at the national level were favorable and the declining value of the dollar against foreign currencies suggested the likelihood of more foreign visitors to the U.S. and perhaps an increase in U.S. residents vacationing at home instead of overseas. Moreover, the effects of the United Airlines strike on 1985 statistics were expected to add at least an additional 2 percent gain to the 1986 visitor count regardless of other trends. Accordingly, DPED forecast an overall 6 percent increase in visitor arrivals for 1986, slightly more optimistic than most other forecasts which were generally in the 4 to 5 percent range. Now, it appears that all these forecasts were on the low side and that Hawaii may experience its best year for tourism so far in this decade.

As indicated in Chapter 2, there are indications that the total visitor count in 1986 may reach almost 5.5 million, an increase of 12 percent over 1985. The revised forecast anticipates about a 14 percent increase in westbound visitors (who are primarily from the Mainland U.S. and Canada). The forecast for eastbound visitors (originating from the Orient and Pacific areas) remains at the earlier forecast of 5 percent.

What is the basis for the improved outlook for tourism and the latest projections for 1986 visitor growth? Also, what are the prospects for visitor industry growth in 1987?

Essentially, the more familiar factors that tend to encourage travel to Hawaii and other domestic vacation destinations have improved more than expected while some new factors have emerged. Among those familiar factors, the growth in U.S. GNP has been reasonably adequate and will likely accelerate in coming months. Both the value of the dollar on international markets and interest rates, which were on a down trend in 1985, declined even more in the first half of 1986. Inflation has remained below anticipated levels (although Hawaii hotel rates are up sharply), and average air fares to Hawaii are well below early 1985 levels due to increased competition among airlines. In addition, lower interest rates have made financing a vacation less burdensome.

Joining these factors are two recent developments. The first has been the unexpectedly sharp decline in world oil prices since December which has cut consumers' outlays for fuel (and thus increased their discretionary income) and helped lower the overall inflation rate. The second has been the dramatic market shift away from vacations abroad due to the increased fear of terrorist attacks on Americans. The impact of this factor on Hawaii's tourism is yet to be fully felt, but will probably be considerable.

Developing A Revised Forecast

Ironically, the number and in some cases uniqueness of these unexpected factors make their overall impact on travel to Hawaii

difficult to predict. The impact of sharp changes in oil prices and tourists' concern for their safety abroad are factors which cannot be readily quantified and included in standard econometric models which predict the demand for vacations.

For instance, in December 1985, DPED forecast a 6 percent increase in tourism to Hawaii in 1986. The DPED tourism model alone suggested a 4 percent increase in tourism to Hawaii in 1986 based on an expected 2.5 percent increase in U.S. GNP. An additional 2 percent gain in 1986 was added to the model's prediction because of the strike-depressed visitor count in 1985. Now, with the prospects for 1986 GNP at about 3 percent and average air fares lower than in 1985, the tourism model predicts a 7 percent increase in visitor arrivals in 1986, which can be increased to 9 percent when the statistical effects of last years strike are taken into account. Again, these results do not reflect whatever additional effects there may have been recently from the sharp decline in the dollar's value, lower oil prices, or the impact of the fear of terrorism abroad. Thus, the econometric approach may under-predict the actual volume of tourism Hawaii will likely experience.

A supplemental method of predicting tourism in the short run when some data for the year are available is trend analysis. The analysis is based on the historical relationship between the growth in tourism for the first few months of the year and the total for the year as a whole. Four months of visitor data are currently available for 1986 and they likely reflect emerging trends that cannot be easily captured in annual data.

Table 2-1 shows the relationship between the first four months of the year and the year as a whole for 1975 to 1985. With the exception of the years 1979 and 1985 when major air transportation strikes occurred, the first-four-months total for all visitors ranged between 31.8 and 33.7 percent of the final total for the year as a whole. Tables 2-2 and 2-3 segment the comparisons into westbound and eastbound travel. As indicated at the bottom of the tables, westbound travel to Hawaii in the first four months of nonstrike years ranged within a narrow band -- 32.1 and 34.0 percent of the total for the year -- while for eastbound visitors the range was somewhat larger -- between 30.1 and 34.3 percent of the year's total.

Assuming these ranges hold for 1986, we would expect the visitor count to fall within the ranges indicated in table 2-4. For eastbound travel, the range is too broad to justify altering earlier forecasts of about a 5 percent increase in this component of visitor travel, especially since the earlier forecast falls in about the middle of the likely range. For westbound travel, however, the lower level of the range is considerably above the 6 percent increase previously projected. Thus, assuming that westbound visitor data for the first four months of 1986 is reflecting the effects of currently evolving trends, a conservative projection of westbound visitor arrivals to Hawaii in 1986 would now appear to be about 14 percent, with the total visitor count increasing about 12 percent.

Table 2-1.-- SHARE OF TOTAL VISITOR ARRIVALS, FIRST
FOUR MONTHS COMPARED TO FULL YEAR: 1975-1985

[1,000 visitors]

	First four months	Full- year total	First four months as % of total
1975	928.2	2,829.1	32.8
1976	1,034.9	3,220.2	32.1
1977	1,156.1	3,433.7	33.7
1978	1,209.0	3,670.3	32.9
1979	1,352.6	3,960.5	34.2*
1980	1,313.4	3,934.5	33.4
1981	1,272.3	3,934.6	32.3
1982	1,397.9	4,242.9	33.0
1983	1,388.8	4,368.1	31.8
1984	1,601.8	4,855.6	33.0
1985	1,706.6	4,884.1	34.9*

* Labor disputes.
Nonstrike range = 31.8% to 33.7%

Table 2-2.-- SHARE OF WESTBOUND VISITOR ARRIVALS,
FIRST FOUR MONTHS COMPARED TO FULL YEAR: 1975-1985

[1,000 visitors]

	First four months	Full- year total	First four months as % of total
1975	724.8	2,207.4	32.8
1976	833.4	2,551.6	32.7
1977	939.4	2,763.3	34.0
1978	990.5	3,031.0	32.7
1979	1,100.4	3,139.5	35.1*
1980	1,026.4	3,046.1	33.7
1981	972.7	2,974.8	32.7
1982	1,090.8	3,278.5	33.3
1983	1,090.0	3,396.1	32.1
1984	1,250.1	3,721.4	33.6
1985	1,326.2	3,708.6	35.8*

* Strike
Nonstrike range = 32.1% to 34.0%

Table 2-3.-- SHARE OF EASTBOUND VISITOR ARRIVALS,
FIRST FOUR MONTHS COMPARED TO FULL YEAR: 1975-1985

[1,000 visitors]

	First four months	Full- year total	First four months as % of total
1975	203.4	621.7	32.7
1976	201.5	668.6	30.1
1977	216.7	670.4	32.3
1978	219.4	639.3	34.3
1979	252.2	821.1	30.7
1980	287.0	888.4	32.3
1981	299.7	959.8	31.2
1982	307.1	964.4	31.8
1983	298.8	972.0	30.8
1984	351.7	1,134.2	31.0
1985	380.4	1,175.5	32.4

Range = 30.1% to 34.3% (Avg. = 31.8%)

Table 2-4.-- PROBABLE RANGE OF GROWTH IN VISITOR COUNT:
1986

Visitor segment	Number		Percent change from 1985	
	Low	High	Low ¹	High
All visitors .	5,456.1	5,782.1	11.7	18.4
Westbound	4,237.4	4,488.2	14.3	17.4
Eastbound	1,160.3	1,322.3	-1.3	12.5

Note: Sum of westbound and eastbound do not add to total since the overall total was estimated independently of components.

Impact of Tourism in 1986

At a 12 percent increase, the revised visitor forecast is at the low end of the range indicated in table 2-4. One of the reasons for being conservative is that several factors may limit Hawaii from realizing the full number of potential visitors who would like to vacation in the State this year, as well as the full economic impact of the spending of those who do come.

The most severe constraint will likely be the availability of hotel and condominium units during the peak summer season. Last year the statewide average occupancy rate, at 76.1 percent, was at its highest level since 1978. Yet the statewide room count in 1986 has increased less than 1 percent from 1985. While this situation may be to the benefit of some of Hawaii's hotels (average hotel room rates in the State have risen dramatically -- over 16 percent in 1985 and 13 percent so far in 1986), it will limit the number of potential visitors that can be accommodated.

A factor which will tend to mitigate the impact of increased visitor spending this year is the emerging view that the current surge in visitor traffic may be short-lived. This view holds that the fear of terrorism abroad is not likely to be an enduring deterrent to travel abroad. Further, some analysts feel that if oil prices can decline sharply they can also increase sharply if conditions change, resulting in a decline in consumers' discretionary income and possibly higher transportation costs. The validity of these arguments aside, the view that tourism in 1987 could return to low, single-digit growth in 1987 may discourage business from increasing employment or expanding operations in spite of this year's upswing in business.

Nevertheless, this year is bound to be a record spending year as well as a record total for visitors, and all business in general is likely to share to some degree in the rewards. The Neighbor Islands, especially the Big Island, may also do quite well this year by absorbing visitors who cannot be accommodated in Waikiki.

Market Trends

The Pacific Coast, particularly California, has been Hawaii's hottest visitor market for the first four months of 1986, up 27 percent from the first four months of 1985 (with California up 37 percent). The worst performing market is the West-South-Central area including the States of Texas and Oklahoma. These are two of the nation's largest oil-producing States and recent declines in oil prices have had a negative impact on the economies of these States.

The important Japan market is a major question mark for 1986. The 30 to 40 percent appreciation of the Japanese yen against the dollar has certainly cut the cost of vacationing abroad this year for the Japanese. However, the effect of the appreciating yen has led to fears of slower growth and even recession in Japan and may be inhibiting foreign travel plans. It is as yet unclear which factor will dominate for the balance of 1986.

The Hawaii Visitors Bureau estimates that the average westbound visitor spent about \$97 per day in the first quarter of 1986. This is up only 6 percent from the first quarter of 1983 compared to an 11 percent increase in the consumer price index over the same period. While the survey results are preliminary they indicate that the average visitor's spending has not generally kept pace with inflation.

Outlook for 1987

DPED currently forecasts a 4 percent overall increase in tourism for 1987. This is in fact the long-run average annual rate of growth anticipated between 1985 and 1990 in DPED's long-term M-F economic projections. However, there are some specific factors that argue for the 4 percent forecast in 1987. First, if 1986 growth achieves or surpasses revised projections it will establish a higher base against which 1987 growth will be measured. This will tend to result in a lower growth rate in 1987 than if 1986 had shown only average growth. Secondly, according to Hawaii Visitors Bureau surveys, the number of available hotel rooms is expected to increase less than 2 percent over the next year-and-a-half, despite the extensive, upscale resort development plans soon to be implemented on several islands. It will likely be 1988 or later that any significant increase in Hawaii's room count will occur. Thus, the same hotel room constraint that may limit this year's visitor count will be a limiting factor in 1987.

Fundamentally, however, there are no obvious economic factors on the horizon which will adversely affect Hawaii's visitor industry in 1987. Low interest rates, lower oil prices this year, and a competitive dollar are expected to insure continued economic expansion at the national level in 1987. In addition, the delayed impact of the lower international value of the dollar should further accelerate the interest of foreign visitors in the U.S. and Hawaii in particular. Thus it appears that while the percentage increases for 1987 may not be dramatic, Hawaii could again host about all the visitors it can handle, given the slow-growing hotel room inventory and current economic outlook.

3. INCOME AND PRICES

Hawaii's personal income continued to grow moderately during 1985, increasing 5.6 percent from that of a year ago, slightly lower than the national average of 6.3 percent. Revised estimates of total and per capita personal income by Counties through 1984 were recently released by the Bureau of Economic Analysis. Oahu continued to have the highest per capita income, \$13,709, in 1984 followed by Maui, Kauai, and Hawaii Counties with incomes of \$11,611, and \$10,564, and \$9,998 respectively.

The rate of consumer inflation, as reflected by the Honolulu Consumer Price Index for all urban consumers (CPI-U), increased 2.2 percent in April 1986 over April 1985. Food prices actually declined from the previous year.

Figure 3-1

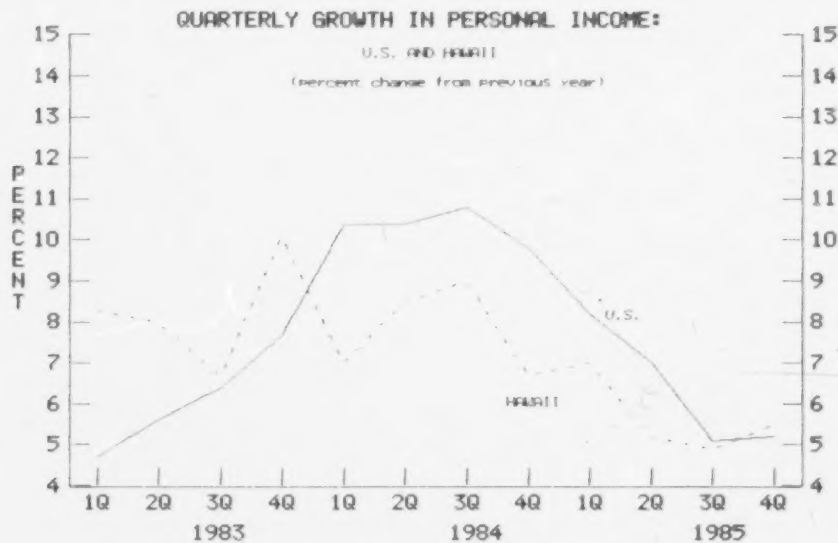


Figure 3-2

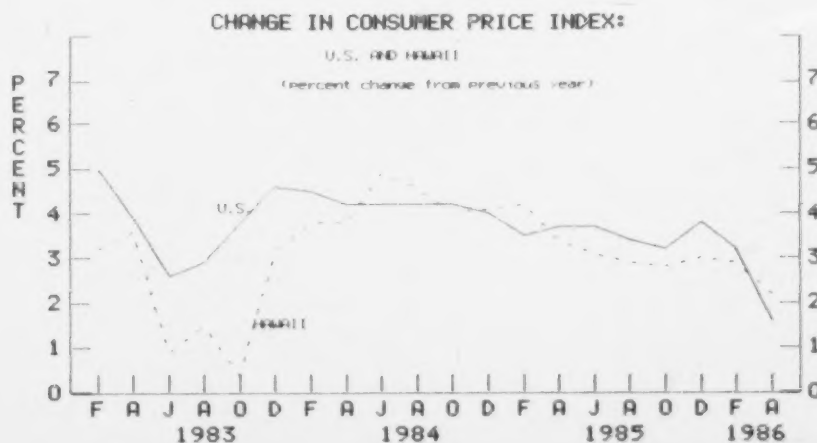


Table 3-1.-- TOTAL PERSONAL INCOME FOR THE UNITED STATES
AND HAWAII QUARTERLY: 1980 TO 1985

[In millions of dollars]

Year/quarter	Total personal income 1/		Percent change from same quarter in previous year	
	United States	Hawaii	United States	Hawaii
1980				
1st Q	2,083,911	9,513	11.8	14.3
2nd Q	2,110,286	9,596	10.6	12.4
3rd Q	2,177,245	9,901	10.3	12.2
4th Q	2,255,417	10,232	11.4	13.1
1981				
1st Q	2,333,365	10,540	12.0	10.8
2nd Q	2,380,591	10,725	12.8	11.8
3rd Q	2,468,878	11,022	13.4	11.3
4th Q	2,497,558	11,228	10.7	9.7
1982				
1st Q	2,525,972	11,338	8.3	7.6
2nd Q	2,558,976	11,512	7.5	7.4
3rd Q	2,589,855	11,763	4.9	6.7
4th Q	2,628,369	11,759	5.2	4.7
1983				
1st Q	2,644,401	12,277	4.7	8.3
2nd Q	2,703,432	12,433	5.6	8.0
3rd Q	2,754,946	12,551	6.4	6.7
4th Q	2,831,537	12,952	7.7	10.1
1984				
1st Q	2,918,793	13,141	10.4	7.0
2nd Q	2,985,650	13,486	10.4	8.5
3rd Q	3,053,166	13,679	10.8	9.0
4th Q	3,107,659	13,824	9.8	6.7
1985				
1st Q	3,156,982	14,065	8.2	7.0
2nd Q	3,193,455	14,183	7.0	5.2
3rd Q	3,207,892	14,343	5.1	4.9
4th Q	3,268,059	14,582	5.2	5.5

1/ Seasonally adjusted, annual rates.

Source: U.S. Department of Commerce, Bureau of
Economic Analysis, printouts dated April 1986.

Table 3-2.-- TOTAL PERSONAL AND DISPOSABLE INCOME FOR
THE UNITED STATES AND HAWAII: 1970 TO 1985

[In millions of dollars]

Year	Total personal income ^{1/}		Disposable income	
	United States	Hawaii	United States	Hawaii
1970	803,922	3,566	689,190	2,974
1975	1,258,643	5,785	1,090,778	5,000
1980	2,156,715	9,810	1,820,880	8,312
1981	2,420,098	10,878	2,033,353	9,243
1982	2,575,793	11,593	2,172,768	10,079
1983	2,733,579	12,553	2,332,700	10,790
1984	3,016,317	13,532	2,586,213	11,767
1985	3,206,597	14,293	(NA)	(NA)
Percent change from same period in previous year				
1980	11.0	13.0	10.9	12.8
1981	12.2	10.9	11.7	11.2
1982	6.4	6.6	6.9	9.0
1983	6.1	8.3	7.4	7.1
1984	10.3	7.8	10.9	9.1
1985	6.3	5.6	-	-

NA Not available.

^{1/} Except where noted otherwise, these represent the latest official annual data and may not be completely consistent with more recently published quarterly data.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, printouts dated August 1985 and April 1986.

Table 3-3.-- TOTAL AND PER CAPITA PERSONAL INCOME, BY COUNTIES:
1980 TO 1984

[Millions of dollars]

Year	State total	City and County of Honolulu	Other counties			
			Total	Hawaii	Kauai	Mauí
Personal income:						
1980	9,811	8,029	1,782	790	338	654
1981	10,878	8,940	1,939	847	370	722
1982	11,593	9,493	2,099	903	395	802
1983	12,553	10,274	2,279	977	426	876
1984	13,532	11,039	2,493	1,064	465	965
Per capita income:						
1980	10,129	10,498	8,746	8,510	8,583	9,141
1981	11,090	11,596	9,232	8,838	9,168	9,778
1982	11,642	12,204	9,633	9,018	9,419	10,562
1983	12,328	12,965	10,093	9,501	9,883	10,968
1984	13,028	13,709	10,679	9,998	10,564	11,611
Percent change from previous year						
Personal income:						
1981	10.9	11.4	8.8	7.2	9.4	10.3
1982	6.6	6.2	8.3	6.6	6.7	11.1
1983	8.3	8.2	8.6	8.3	7.9	9.2
1984	7.8	7.4	9.4	10.9	9.2	10.1
Per capita income:						
1981	9.5	10.5	5.6	3.9	6.8	7.0
1982	5.0	5.2	4.3	2.0	2.7	8.0
1983	5.9	6.2	4.8	5.4	4.9	3.8
1984	5.7	5.7	5.8	5.2	6.9	5.9

Source: U.S. Department of Commerce, Bureau of Economic Analysis, printouts dated April 1984 and April 1986.

Table 3-4.-- PERSONAL INCOME BY MAJOR SOURCES: 1980, 1984, and 1985

[In millions of dollars and percent]

Item	1980	1984	1985	Average annual growth rates	
				1980-85	1984-85
Labor and proprietors income					
By type:					
Wage and salary disbursements ..	6,633	8,561	9,084	6.5	6.1
Other labor income	464	768	834	12.4	8.6
Proprietors income	339	474	496	7.9	4.6
Farm	61	52	26	-15.7	-50.0
Nonfarm	278	422	470	11.1	11.4
By industry:					
Farm	275	281	272	-0.2	-3.2
Nonfarm	7,161	9,522	10,141	7.2	6.5
Private	4,802	6,274	6,727	7.0	7.2
Construction	557	503	570	0.5	13.3
Manufacturing	399	459	480	3.7	4.6
Transp., comm., util.	695	873	923	5.9	5.7
Trade	1,162	1,525	1,625	6.9	6.6
Finance, insur., real est. .	504	669	691	6.5	3.3
Services	1,455	2,201	2,394	10.5	8.8
Government and govt. enterprises	2,359	3,248	3,412	7.7	5.0
Federal, civilian	662	908	959	7.7	5.6
Federal military	818	1,226	1,290	9.5	5.2
State and local	878	1,114	1,163	5.8	4.4
Derivation of personal income					
Labor and proprietors income	7,436	9,803	10,414	7.0	6.2
Less: Personal contributions for social insurance	453	631	713	9.5	13.0
Net labor and proprietors income .	6,984	9,172	9,701	6.8	5.6
Plus: Dividends, interest, and rent	1,625	2,578	2,705	10.7	4.9
Plus: Transfer payments	1,202	1,782	1,888	9.5	5.9
Personal income	9,810	13,532	14,293	7.8	5.6

Source: U.S. Department of Commerce, Bureau of Economic Analysis, printouts dated April 1986.

Table 3-5.-- CONSUMER PRICE INDEX, ALL URBAN CONSUMERS (CPI-U) FOR
SELECTED ITEMS FOR HONOLULU AND THE U.S. CITY AVERAGE: 1981 TO 1986

[1967=100]

Month and year	All items	Food	Hous- ing 1/	Apparel and upkeep	Trans- portation	Medical care
Honolulu:						
1981	252.4	285.8	240.3	193.4	247.1	289.4
1982	267.6	298.8	255.0	201.5	255.6	324.3
1983	273.5	306.7	257.5	207.7	253.7	357.6
1984	284.8	319.7	268.2	205.1	265.7	379.7
1985	294.1	332.2	275.8	203.9	270.9	400.6
1985: April ..	292.7	334.0	274.4	202.1	269.3	393.0
June ...	293.5	331.6	276.5	201.4	269.3	394.5
August .	294.2	331.3	274.3	204.1	271.7	408.3
October	295.6	328.9	276.2	207.6	273.4	410.4
December	298.5	334.4	281.2	204.6	274.4	413.0
1986: February	301.2	335.3	282.1	206.1	279.3	424.6
April ..	299.0	332.5	281.3	205.5	270.1	426.0
U.S. city avg.:						
1981	272.4	267.3	293.5	186.9	280.0	294.5
1982	289.1	278.2	314.7	191.8	291.5	328.7
1983	298.4	291.7	323.1	196.5	298.4	357.3
1984	311.1	302.9	336.5	200.2	311.7	379.5
1985	322.2	309.8	349.9	206.0	319.9	403.1
1985: April ..	320.1	308.7	345.9	205.9	320.0	398.0
June ...	322.3	309.3	350.4	204.6	321.8	401.7
August .	323.5	309.7	352.9	205.3	320.7	406.6
October	325.5	309.8	354.4	211.1	320.9	410.5
December	327.4	313.2	355.8	209.0	324.0	414.7
1986: February	327.5	315.3	356.5	204.1	319.2	422.3
April ..	325.3	316.1	358.0	207.3	303.3	428.0
Percent increase (Honolulu):						
1981 to 1982 ..	6.0	4.5	6.1	4.2	3.4	12.1
1982 to 1983 ..	2.2	2.6	1.0	3.1	-0.7	10.3
1983 to 1984 ..	4.1	4.2	4.2	-1.3	4.7	6.2
1984 to 1985 ..	3.3	3.9	2.8	-0.6	2.0	5.5
April	2.2	-0.4	2.5	1.7	0.3	8.4

1/ Change in calculation in 1983 -- housing costs measured in rental equivalence (what owners would have to pay if they rented their homes).

Source: U.S. Department of Labor, Bureau of Labor Statistics.

4. EMPLOYMENT

The estimate of total jobs in Hawaii increased 1.4 percent in the first quarter of 1986 from the same period a year earlier. Agricultural jobs recorded a modest 0.8 percent increase at that time; this is noteworthy for it is the first quarter in several years that agricultural jobs have not shown a decline. Gains in pineapple and diversified agriculture wage and salary jobs were the primary reason for this increase.

The State as a whole continued to experience relatively low rates of unemployment in the first quarter of 1986. The Neighbor Islands, however, experienced high unemployment rates at this time, primarily due to the loss of hotel and food processing jobs. Two major hotels on Maui and Kauai have closed temporarily for extensive renovations and expansion, causing the layoff of an estimated 1,100 persons until the hotels reopen in 1987. These job losses were partially offset by increases in construction jobs.

Figure 4-1

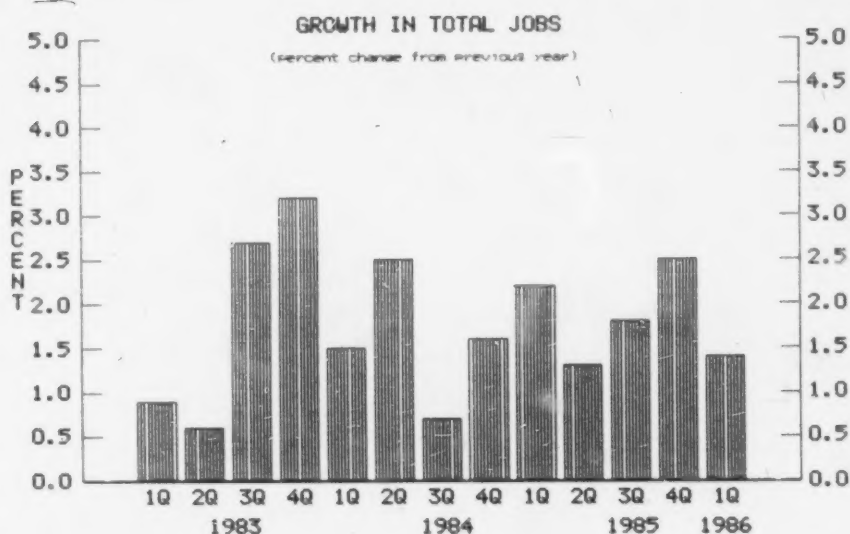


Table 4-1.-- TOTAL JOBS IN HAWAII: 1980 TO 1986

Year	Total jobs 1/	Nonagriculture			Agriculture			Labor disputes
		Total	Wage & salary	Self-employed	Total	Wage & salary	Self-employed	
1980	448,300	432,400	404,100	28,300	15,400	10,800	4,600	500
1981	449,850	433,950	404,800	29,150	15,850	11,500	4,350	50
1982	446,000	430,700	399,400	31,300	15,250	11,300	3,950	100
1983	453,700	438,500	406,200	32,300	15,050	11,200	3,900	150
1984	461,050	446,100	412,650	33,450	14,450	10,800	3,650	450
1985	470,050	456,050	423,100	32,900	13,900	10,400	3,500	100
1985:								
1st Q ...	466,400	453,000	420,450	32,550	13,150	9,800	3,350	250
2nd Q ...	469,450	455,400	422,950	32,450	13,900	10,500	3,400	150
3rd Q ...	469,000	454,000	422,200	31,800	15,000	11,250	3,750	0
4th Q ...	475,400	461,750	426,900	34,850	13,600	10,150	3,450	50
1986 (p):								
1st Q ..	472,800	459,500	427,300	32,200	13,250	10,150	3,050	50
Percent change from the same period in previous year								
1980	3.2	3.4	2.6	16.2	1.0	0.5	2.2	-28.6
1981	0.3	0.4	-0.2	3.0	2.9	6.5	-5.4	-90.0
1982	-0.9	-0.7	-1.3	7.4	-3.8	-1.7	-9.2	100.0
1983	1.7	1.8	1.7	3.2	-1.3	-0.9	-1.3	50.0
1984	2.0	2.2	1.6	9.9	-4.0	-3.6	-6.4	211.1
1985	2.0	2.2	2.5	-1.6	-3.8	-3.7	-4.1	-77.8
1985:								
1st Q ...	2.2	2.3	2.6	-1.2	-7.5	-5.2	-13.5	66.7
2nd Q ...	1.3	1.5	2.0	-5.0	-8.2	-5.9	-15.3	(X)
3rd Q ...	1.7	2.0	2.6	-6.3	-11.0	-8.4	-19.2	0.0
4th Q ...	2.5	3.0	2.7	6.3	-2.9	-4.2	1.5	-96.3
1986 (p):								
1st Q ...	1.4	1.4	1.6	-1.1	0.8	3.6	-8.5	-78.6

p Preliminary.

X Not calculated -- data in base period equaled zero.

1/ Total of wage and salary jobs and self-employed in agricultural and nonagricultural industries plus those jobs involved in labor disputes.

Source: Hawaii State Department of Labor and Industrial Relations.

Table 4-2.-- NUMBER OF JOBS BY INDUSTRY: 1985 AND 1986

Series	1985	1st Q 1986	Percent change from previous year	
			1985	1st Q 1986
Total jobs 1/	470,050	472,800	2.0	1.4
Nonagricultural (wage & salary) .	423,100	423,100	2.5	1.6
Construction	16,950	16,800	7.3	5.1
Manufacturing	21,850	21,500	-0.2	0.2
Food processing	9,950	9,550	-7.4	-6.8
Transp., commun., utilities ...	33,350	33,950	4.4	3.9
Trade	115,500	116,550	3.7	2.0
Wholesale	19,500	19,600	2.9	1.7
Retail	96,000	96,950	3.8	2.0
Finance, insur., & real estate	32,000	32,200	0.5	1.2
Services	110,200	111,850	2.1	1.0
Hotels	28,050	27,450	-0.7	-5.7
Government	93,300	94,500	1.6	1.1
Federal	32,400	32,100	0.9	-0.5
State	47,400	49,750	1.8	2.6
Local	13,500	12,550	2.3	-0.9
Agriculture (wage & salary)	10,400	10,150	-3.7	3.6
Sugar	4,100	3,950	-4.7	0.0
Pineapple	1,950	1,700	-7.1	8.5
Diversified agriculture	4,350	4,500	-1.1	5.4
Nonagricultural self-employed 2/	32,900	32,200	-1.6	-1.1
Agricultural self-employed 2/ ...	3,500	3,050	-4.1	-8.5
Labor disputes	100	50	-77.8	-78.6

1/ Total of nonagricultural and agricultural wage and salary, self-employed, and jobs involved in labor disputes.

2/ Self-employed includes unpaid family workers and domestics.

Source: Hawaii State Department of Labor and Industrial Relations.

Table 4-3.-- NONAGRICULTURAL WAGE AND SALARY JOBS BY COUNTY:
1980 TO 1986

Year	State	City & County of Honolulu	Hawaii County	Kauai County	Maui County
1980	404,100	333,050	28,450	15,150	27,500
1981	404,800	332,300	28,850	15,200	28,450
1982	399,400	325,700	28,700	15,150	29,900
1983	406,200	330,100	29,350	15,700	31,050
1984	412,650	334,400	30,400	15,700	32,150
1985	423,100	340,800	32,000	16,250	34,100
1985:					
1st Q	420,450	337,700	32,100	16,350	34,250
2nd Q	422,950	341,100	31,750	16,100	34,000
3rd Q	422,200	340,100	31,950	16,200	33,950
4th Q	426,900	344,200	32,150	16,350	34,200
1986 (p):					
1st Q	427,300	344,850	32,400	16,250	33,900
Percent change from same period in previous year					
1980	2.2	2.2	2.9	6.1	4.0
1981	-0.2	-0.2	1.4	0.6	3.5
1982	-1.3	-2.0	-0.4	-0.3	5.1
1983	1.7	1.4	2.3	3.6	3.8
1984	1.6	1.3	3.6	0.0	3.5
1985	2.5	1.9	5.3	3.5	6.1
1985:					
1st Q	2.6	1.4	7.4	4.8	9.1
2nd Q	2.0	1.4	5.0	1.9	5.9
3rd Q	2.6	2.6	4.2	2.5	4.6
4th Q	2.7	2.3	4.0	4.1	4.6
1986 (p):					
1st Q	1.6	2.1	0.8	-0.7	-1.0

p Preliminary.

Source: Hawaii State Department of Labor and Industrial
Relations.

Table 4-4.-- CIVILIAN LABOR FORCE AND EMPLOYMENT BY COUNTY:
1980 TO 1986

[Number of persons]

Subject and year	State	City and County of Honolulu	Hawaii County	Kauai County	Maui County
Civilian labor force:					
1980	440,000	338,350	43,550	19,550	37,550
1981	451,000	345,700	45,450	20,100	39,800
1982	461,000	350,100	47,200	20,850	42,900
1983	472,000	357,150	48,350	21,650	44,850
1984	472,000	357,100	48,650	21,300	44,950
1985	481,000	361,800	50,600	21,800	46,850
1984: 1st Q	468,250	355,200	47,800	21,200	44,000
2nd Q	473,350	358,500	48,650	21,350	44,900
3rd Q	470,800	354,850	49,200	21,350	45,450
4th Q	475,600	359,900	49,000	21,350	45,350
1985: 1st Q	477,650	358,600	50,500	21,800	46,750
2nd Q	481,250	362,450	50,300	21,650	46,850
3rd Q	481,050	361,100	50,950	21,850	47,150
4th Q	484,050	364,950	50,600	21,850	46,650
1986: 1st Q	488,050	368,100	51,100	22,100	46,750
Civilian employment:					
1980	418,000	322,800	40,850	18,700	35,650
1981	427,000	328,500	42,150	18,900	37,450
1982	430,000	330,550	41,050	19,550	38,850
1983	442,000	336,550	44,050	20,000	41,450
1984	445,000	338,050	44,900	19,800	42,250
1985	454,000	343,300	46,300	20,300	44,100
1984: 1st Q	441,650	336,950	44,000	19,600	41,100
2nd Q	447,050	340,200	44,700	19,900	42,250
3rd Q	444,250	335,750	45,700	19,850	42,950
4th Q	447,050	339,150	45,300	19,900	42,700
1985: 1st Q	450,650	340,050	46,350	20,300	43,950
2nd Q	453,000	343,100	45,650	20,050	44,150
3rd Q	453,450	342,350	46,500	20,300	44,300
4th Q	458,900	347,750	46,750	20,500	43,900
1986: 1st Q	460,050	349,600	46,700	20,300	43,500

Source: Hawaii State Department of Labor and Industrial Relations.

Table 4-5.-- CIVILIAN UNEMPLOYED AND UNEMPLOYMENT RATE BY COUNTY:
1980 TO 1986

Subject and year	State	City and County of Honolulu	Hawaii County	Kauai County	Maui County
Civilian unemployed (persons):					
1980	21,000	15,550	2,700	850	1,900
1981	24,000	17,150	3,300	1,150	2,350
1982	31,000	21,500	4,500	1,700	3,300
1983	30,000	20,600	4,300	1,650	3,400
1984	27,000	19,100	3,750	1,500	2,700
1985	27,000	18,500	4,300	1,500	2,750
1984: 1st Q	26,600	18,250	3,850	1,600	2,950
2nd Q	26,250	18,250	3,900	1,450	2,650
3rd Q	26,600	19,100	3,450	1,450	2,550
4th Q	28,550	20,750	3,700	1,450	2,700
1985: 1st Q	27,000	18,550	4,150	1,450	2,800
2nd Q	28,250	19,350	4,650	1,600	2,700
3rd Q	27,600	18,750	4,450	1,550	2,850
4th Q	25,150	17,250	3,850	1,350	2,700
1986: 1st Q	27,950	18,500	4,400	1,800	3,250
Unemployment rate (percent):					
1980	4.9	4.6	6.2	4.3	5.1
1981	5.4	5.0	7.3	5.8	5.9
1982	6.7	6.1	9.5	8.1	7.7
1983	6.5	5.8	8.9	7.7	7.6
1984	5.6	5.3	7.7	7.0	6.0
1985	5.6	5.1	8.5	6.8	5.9
1984: 1st Q	5.7	5.1	8.1	7.5	6.7
2nd Q	5.5	5.1	8.0	6.9	5.9
3rd Q	5.7	5.4	7.0	7.0	5.6
4th Q	6.0	5.7	7.5	6.7	5.9
1985: 1st Q	5.6	5.2	8.2	6.7	6.0
2nd Q	5.9	5.3	9.2	7.4	5.7
3rd Q	5.7	5.2	8.7	7.1	6.0
4th Q	5.2	4.7	7.6	6.2	5.8
1986: 1st Q	5.7	5.0	8.6	8.2	7.0

Source: Hawaii State Department of Labor and Industrial Relations.

5. BUSINESS ACTIVITY

The volume of taxable transactions subject to State excise and use taxes during the first quarter of 1986 grew 6.3 percent from the same period in the previous year. Substantial increases were experienced in the retailing, services, manufacturing, and construction industries.

On the other hand, hotel rentals decreased despite first quarter increases in visitor arrivals. This may be attributed in part to the large condominium market. Moreover, delays in reporting make sales recorded for tax purposes a volatile statistical series for such a short period as three months.

Figure 5-1

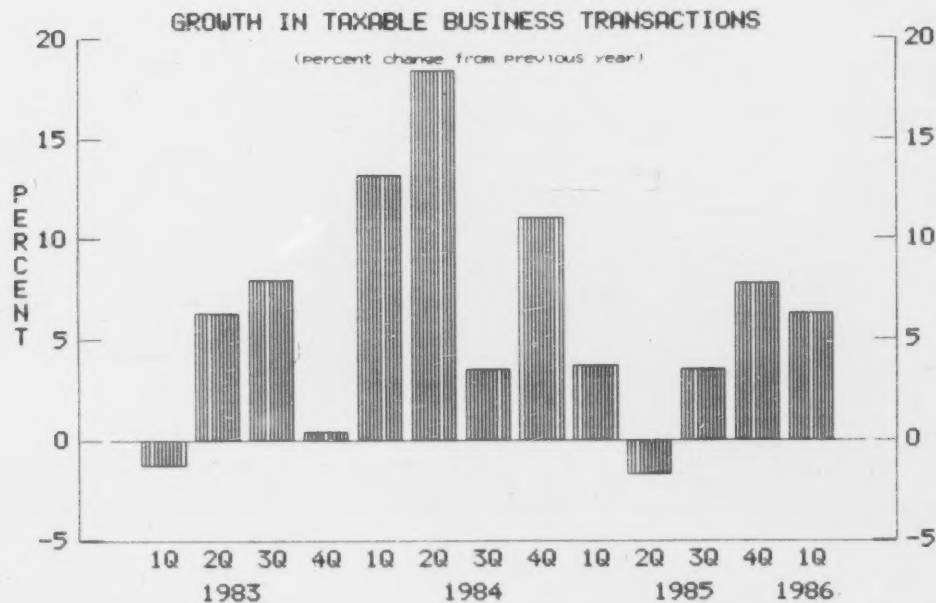


Table 5-1.-- VALUE OF BUSINESS TRANSACTIONS IN HAWAII SUBJECT TO
STATE EXCISE AND USE TAX: 1980 TO 1986

[Millions of dollars]

Year	Total taxable transactions	Selected industry transactions				
		Retailing	Services	Hotel rental	Diversified agriculture	Manu- facturing
1980	18,966.2	6,075.5	1,750.1	720.7	141.3	620.1
1981	20,903.8	6,690.7	1,792.1	759.4	173.3	615.9
1982	20,722.1	7,043.6	1,976.2	875.5	176.8	544.3
1983	21,416.8	7,458.8	2,128.5	858.2	221.6	502.3
1984	23,879.9	8,182.7	2,396.1	1,008.6	257.6	530.1
1985	24,630.3	8,605.2	2,529.7	1,153.4	251.6	538.3
1985: 1st Q .	6,036.5	2,098.4	590.2	337.2	70.8	111.8
2nd Q .	6,414.8	2,239.9	669.8	289.6	64.5	144.3
3rd Q .	6,007.0	2,094.0	625.0	276.1	56.3	140.3
4th Q .	6,172.0	2,172.9	644.7	250.5	60.0	141.8
1986: 1st Q .	6,416.5	2,301.8	653.6	280.9	64.3	130.4
Percent change from same period in previous year						
1981	10.2	10.1	2.4	5.4	22.6	-0.7
1982	3.4	5.3	10.3	15.3	2.0	-11.6
1983	-0.9	5.9	7.7	-2.0	25.3	-7.7
1984	11.5	9.7	12.6	17.5	16.2	5.5
1985	3.1	5.2	5.6	14.4	-2.4	1.5
1985: 1st Q .	3.7	5.9	8.3	40.7	17.9	-11.4
2nd Q .	-1.7	2.7	1.2	-9.1	-6.9	-25.5
3rd Q .	3.5	4.8	3.0	16.4	-4.1	7.5
4th Q .	7.8	7.5	12.6	17.6	-13.7	18.1
1986: 1st Q .	6.3	9.7	10.7	-16.7	-9.1	16.6

Note: This series derived by lagging reported excise tax base data one month to adjust for reporting delay.

Source: Hawaii State Department of Planning and Economic Development based on raw data from Hawaii State Department of Taxation.

Table 5-2.-- COLLECTIONS OF KEY STATE TAXES AND GENERAL FUND
TAX REVENUES: CALENDAR YEARS 1982 TO 1986

[Thousands of dollars]

Year	General excise and use tax	Net individual income tax 1/	Net corporate income tax 2/	Tax revenues distributed to State General Fund 3/
1982	574,590	296,757	34,785	1,011,465
1983	615,536	358,072	27,960	1,109,876
1984	669,805	413,885	39,681	1,240,352
1985	707,380	450,559	44,074	1,325,791
1986 (Jan-April)	258,477	158,804	17,493	468,987
1985: 1st Q	174,054	108,567	7,522	315,085
2nd Q	178,697	100,301	21,903	344,413
3rd Q	176,769	125,692	11,552	344,675
4th Q	177,860	115,999	3,097	321,618
1986: 1st Q	192,020	125,668	7,783	347,122
April	66,458	33,136	9,710	121,865
Percent change from corresponding period in previous year				
1982	-0.1	-15.1	-20.2	-5.5
1983	7.1	20.7	-19.6	9.7
1984	8.8	15.6	41.9	11.8
1985	5.6	8.9	11.1	6.9
1986 (Jan-April)	11.8	15.2	-31.2	7.4
1985: 1st Q	5.4	-3.2	-21.6	7.4
2nd Q	2.8	23.3	49.2	9.8
3rd Q	6.7	12.3	10.7	8.6
4th Q	7.6	7.0	-37.7	1.8
1986: 1st Q	10.3	15.8	3.5	10.2
April	16.4	13.1	-45.8	0.1

Note: This series represents data as reported by the Department of Taxation, without adjustment.

1/ Declaration of estimated taxes, plus payments with returns, plus withholding tax on wages, less refunds.

2/ Declaration of estimated taxes, plus payments with returns, less refunds.

3/ Excludes non-tax sources.

Source: Hawaii State Department of Taxation.

6. THE VISITOR INDUSTRY

Preliminary data for the first four months of 1986 showed a continued recovery in westbound traffic for a gain of 8.6 percent over the same period in 1985. Combined with the 4.6 percent increase in eastbound visitors, over 1.8 million visitors arrived in Hawaii during the first four months of 1986.

Hotel room rates continued to increase in the first quarter of 1986, with the average daily hotel room rate in the State exceeding \$82, according to the hotels surveyed by Pannell Kerr Forster & Company. In addition, the period was marked by high room occupancy in the State.

Due to the unsteady nature of the condominium inventory, the total room inventory showed no substantial changes even though Maui and Kauai suffered a temporary loss when the 556-room Maui Surf and 553-room Kauai Surf closed for major renovations in early 1986. Hawaii County also faced a diminished visitor plant in 1986, particularly in the Kailua-Kona condominium market.

Figure 6-1

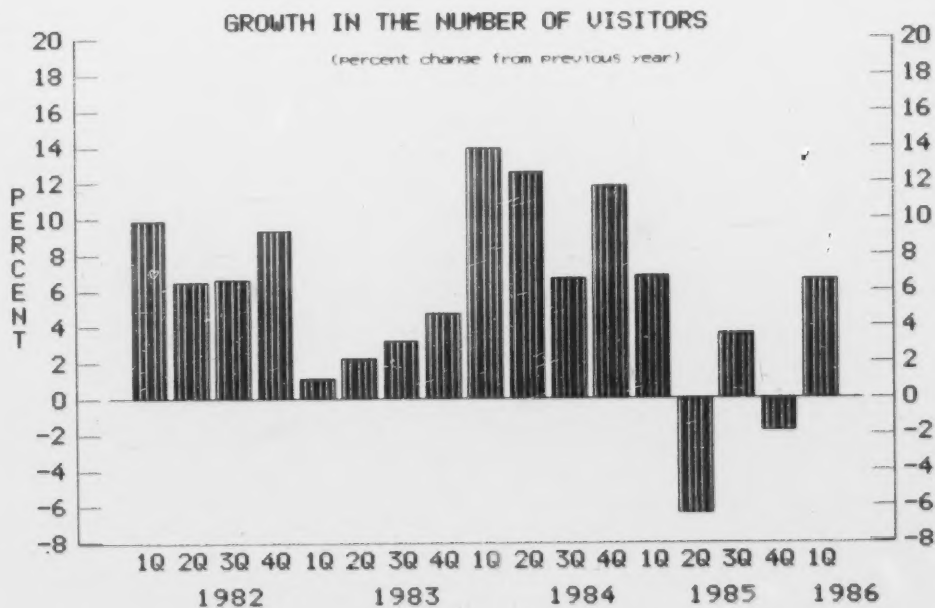


Table 6-1.-- VISITOR ARRIVALS AND AVERAGE DAILY VISITOR CENSUS:
1980 TO 1986

Year 1/	Visitors staying overnight or longer			Average daily visitor census	
	Total	Westbound 2/	Eastbound 3/	Westbound 2/	All
1980	3,934,504	3,046,132	888,372	86,788	96,497
1981	3,934,623	2,974,791	959,832	85,449	95,968
1982	4,242,925	3,278,525	964,400	94,740	105,310
1983	4,368,105	3,396,115	971,990	97,390	108,040
1984	4,855,580	3,721,380	1,134,200	106,260	118,660
1985	4,884,110	3,708,610	1,175,500	103,820	116,700
1986 (Jan-Apr) .	1,838,710	1,440,670	398,040	123,790	137,060
1985: 1st Q ...	1,301,480	1,011,810	289,670	119,790	132,660
2nd Q ...	1,129,550	840,150	289,400	89,510	102,230
3rd Q ...	1,266,910	957,790	309,120	103,620	117,060
4th Q ...	1,186,170	898,860	287,310	101,000	113,490
1986: 1st Q ...	1,386,790	1,088,330	298,460	127,190	140,450
April ...	451,920	352,340	99,580	113,600	126,880
Percent change from corresponding period in previous year					
1980	-0.7	-3.0	8.2	-3.2	-2.2
1981	0.0	-2.3	8.0	-1.9	-1.0
1982	7.8	10.2	0.5	10.9	8.6
1983	3.0	3.6	0.8	2.8	2.6
1984	11.2	9.6	16.7	9.1	9.8
1985	0.3	-0.6	3.2	-2.3	-1.7
1986 (Jan-Apr) .	7.7	8.6	4.6	7.4	7.1
1985: 1st Q ...	6.8	6.0	9.6	2.7	3.6
2nd Q ...	-6.4	-9.0	2.0	-12.4	-11.1
3rd Q ...	3.6	3.8	6.5	0.3	0.6
4th Q ...	-1.8	-2.4	0.4	-1.9	-1.2
1986: 1st Q ...	6.6	7.6	3.0	6.2	5.9
April ...	11.5	12.1	9.8	11.5	11.3

1/ Beginning in 1984, sample size reduced from 20 to 10 percent and numbers rounded to the nearest 10.

2/ Arriving from the Mainland United States or Canada.

3/ Arriving from the Orient and Pacific areas.

Source: Hawaii Visitors Bureau.

Table 6-2.-- WESTBOUND VISITORS BY COUNTY: 1981 TO 1986

Year 1/	City and County of Honolulu	Hawaii County	Maui County	Kauai County
1981	2,398,477	672,683	1,389,892	757,811
1982	2,589,190	678,170	1,550,080	733,295
1983	2,591,575	712,380	1,644,605	691,940
1984	2,901,320	760,940	1,854,690	814,590
1985	2,828,640	697,380	1,831,110	832,580
1986 (Jan-Apr)	1,036,760	280,090	687,470	332,550
1985: 1st Q	746,460	204,500	518,510	223,240
2nd Q	648,180	147,090	418,860	186,830
3rd Q	755,000	173,680	466,040	220,530
4th Q	679,000	172,110	427,700	201,980
1986: 1st Q	785,690	214,220	514,150	246,920
April	251,070	65,870	173,320	85,630
Percent change from corresponding period in previous year				
1982	8.0	0.8	11.5	-3.2
1983	0.1	5.0	6.1	-5.6
1984	12.0	6.8	12.8	17.7
1985	-2.5	-8.4	-1.3	2.2
1986 (Jan-Apr)	5.8	7.0	0.8	13.8
1985: 1st Q	2.8	-4.5	6.8	8.5
2nd Q	-10.2	-18.3	-10.5	-7.4
3rd Q	2.4	-4.9	2.5	7.3
4th Q	-5.2	-6.5	-4.2	0.2
1986: 1st Q	5.3	4.8	-0.8	10.6
April	7.3	14.9	5.8	24.0

1/ Data prior to 1981 are not comparable to later figures due to revisions. Beginning in 1984, sample size changed from 20 to 10 percent.
Source: Hawaii Visitors Bureau.

Table 6-3.-- HOTEL OCCUPANCY RATES BY AREA: 1970 TO 1986

[Percent; survey does not include some large hotel chains]

Date	State	Waikiki	Hawaii Island	Maui Island	Kauai Island
Annual average:					
1970	71.2	74.1	68.3	66.7	58.0
1975	74.1	78.3	59.9	72.3	77.2
1978	79.5	82.1	65.0	80.4	83.3
1979	73.8	77.1	62.0	73.0	76.5
1980	69.3	71.7	52.7	65.2	69.6
1981	68.2	73.9	44.9	70.3	62.7
1982	70.4	77.7	44.0	73.9	57.5
1983	70.3	76.3	46.3	75.2	57.2
1984	76.0	81.2	55.6	80.5	63.0
1985	76.1	80.9	57.6	78.5	64.8
1986 (Jan-Mar).	86.8	88.8	72.7	88.5	85.1
1985:					
January	84.4	92.1	64.0	83.4	66.6
February	92.8	95.3	83.3	95.5	85.4
March	87.1	90.0	71.7	91.3	84.4
April	73.7	74.7	56.4	83.6	66.3
May	67.6	69.4	46.3	76.7	59.0
June	66.0	74.3	38.9	64.3	51.5
July	75.9	84.8	53.8	72.1	63.5
August	81.4	85.9	62.6	83.8	70.2
September	67.6	72.8	45.3	70.2	58.2
October	74.3	77.4	60.4	78.8	63.0
November	75.9	80.7	59.1	78.3	61.7
December	67.4	73.1	50.8	66.3	50.0
1986:					
January	81.8	82.3	68.3	83.1	84.0
February	92.6	94.8	81.8	92.3	91.3
March	86.5	89.4	69.0	90.5	81.2

NA Not available.

Source: Hawaii Visitors Bureau; Pannell Kerr Forster & Company, Trends in the Hotel Industry, Hawaii.

Table 6-4.-- VISITOR PLANT INVENTORY, EXISTING AND PLANNED:
1970 TO 1986

Year (February of each year)	State total	City and County of Honolulu		County of Hawaii	County of Kauai	County of Maui
		Total	Waikiki			
1970	26,923	18,449	16,590	3,166	2,565	2,743
1975	39,632	25,352	21,812	5,348	3,102	5,830
1976	42,648	25,851	22,117	6,045	3,520	7,232
1977	44,986	27,363	23,627	5,929	3,657	8,037
1978	47,070	28,546	24,934	6,002	3,786	8,736
1979	49,832	30,065	26,346	6,093	4,202	9,472
1980	54,246	34,334	30,443	5,889	4,322	9,701
1981	56,769	33,967	29,473	6,705	4,738	10,713
1982	57,968	33,492	29,047	7,167	5,147	11,596
1983	58,765	34,354	30,108	7,469	4,193	12,110
1984	62,448	36,848	32,239	7,149	5,313	13,138
1985	65,919	38,600	33,879	7,511	5,656	14,152
1986	66,308	39,010	34,650	7,280	5,922	14,096
Planned additional units 1/	34,286	11,498	950	14,787	2,083	5,918
1986	300	-	-	-	-	300
1987	1,103	300	300	-	-	803
Future	32,883	11,198	650	14,787	2,083	4,815

1/ In addition, condominium units are under construction or planned, but the estimated number of rental units to be available for visitors has not yet been determined. These units number 7,200 on Oahu (none in Waikiki), 15,251 in Hawaii County, 38 in Kauai County, and 4,305 in Maui County, for a State total of 26,794.

Source: Hawaii Visitors Bureau, Visitor Plant Inventory.

Table 6-5.-- AVERAGE DAILY HOTEL ROOM RATES BY ISLANDS:
1970 TO 1986

[Dollars]

Year	State	Oahu	Hawaii	Mauï	Kauai
1970	25.74	(NA)	(NA)	(NA)	(NA)
1975	29.75	(NA)	(NA)	(NA)	(NA)
1976	29.54	26.70	30.52	37.61	34.51
1977	34.28	31.87	33.08	42.59	38.45
1978	38.56	35.90	36.70	47.86	42.25
1979	44.40	41.42	41.44	57.15	47.75
1980	47.37	42.70	46.40	61.34	55.16
1981	49.87	43.16	47.16	73.44	56.06
1982	51.78	44.80	47.37	75.02	58.48
1983	55.58	47.62	50.49	81.60	59.75
1984	59.25	49.45	57.17	88.89	65.05
1985	68.84	57.70	64.06	98.51	70.06
1986: (Jan-Mar)	82.07	67.90	79.62	124.34	74.60
Percent change from previous year					
1976	-0.7	-	-	-	-
1977	16.1	19.4	8.4	13.2	11.4
1978	12.5	12.7	10.9	12.4	9.9
1979	15.2	15.4	12.9	19.4	13.0
1980	6.7	3.1	12.0	7.3	15.5
1981	5.2	1.1	1.6	19.7	1.6
1982	3.8	3.8	0.4	2.2	4.3
1983	7.4	6.3	6.6	8.8	2.2
1984	6.6	3.8	13.2	8.9	8.9
1985	16.2	16.7	12.1	10.8	7.7
1986: (Jan-Mar)	13.2	10.9	17.7	14.6	2.7

NA Not available.

Source: Pannell Kerr Forster & Company, Trends in the Hotel Industry, Hawaii.

7. CONSTRUCTION

Although all the data for the first quarter of 1986 are not yet available, there are indications that the construction industry is continuing its recovery. First quarter employment rose 5.1 percent over the same period in 1985. Private construction receipts were up 52.4 percent during this time. While public contracts awarded saw reductions in construction spending in 1985, the first quarter of 1986 showed marked improvement in Federal and State government expenditure levels with ongoing highway construction and the renovation of military installations. Private building authorizations for Oahu, Hawaii, and Kauai also showed improvement (19.5 percent increase for the three counties combined) in the first quarter of the year.

Private construction permits for these three Counties increased over the first three months of 1985, especially in multi-family building permits in Leeward Oahu. Other significant activities in these Counties, as noted by building permit records, are the Kauai Surf renovation, Kamehameha Schools expansion program, and the Kaiser Center-Mariner II office-retail development.

Figure 7-1

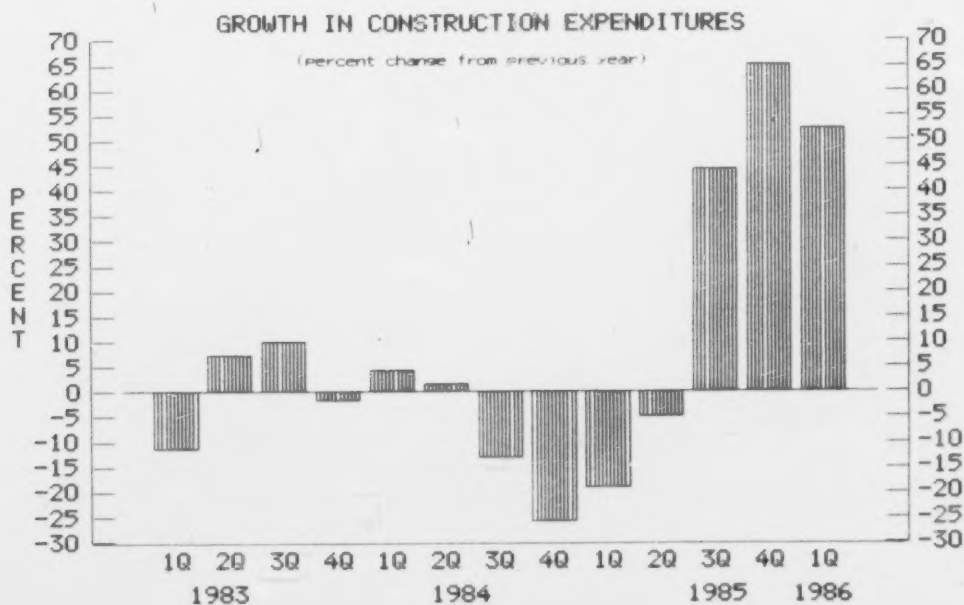


Table 7-1.-- ESTIMATED VALUE OF COMPLETED CONSTRUCTION, NEW PRIVATE BUILDING AUTHORIZATIONS, AND GOVERNMENT CONTRACTS AWARDED: 1980 TO 1986

[Millions of dollars]

Year	Value of construction completed 1/	Private building authorizations				Government contracts awarded
		Total private authorization	Residential	Commercial and industrial 2/	Additions and alterations	
1980	1,569.7	1,219.2	680.2	331.5	207.5	230.6
1981	1,584.7	802.0	398.3	240.8	162.9	427.5
1982	1,323.9	683.1	299.2	242.9	141.1	392.7
1983	1,334.2	685.2	296.2	203.2	185.9	277.9
1984	1,227.2	581.5	327.8	104.0	149.8	411.8
1985	1,429.6	889.0	500.1	208.8	180.1	248.5
1985: 1st Q ..	268.6	196.1	130.0	30.1	35.9	52.1
2nd Q ..	347.4	226.9	158.3	25.4	43.1	51.4
3rd Q ..	428.7	219.5	120.6	52.4	46.6	65.3
4th Q ..	384.8	246.5	91.1	100.9	54.5	79.7
1986: 1st Q 3/	409.5	214.9	105.4	65.4	44.0	78.7
Percent change from corresponding period in previous year						
1980	16.9	39.4	27.1	53.8	67.2	-40.7
1981	1.0	-34.2	-41.4	-27.4	-21.5	85.4
1982	-16.5	-14.8	-24.9	0.9	-13.4	-8.1
1983	0.8	0.3	-1.0	-16.3	31.8	-29.2
1984	-8.0	-15.1	9.6	-52.0	-20.3	48.2
1985	16.5	52.9	52.6	100.8	20.2	-39.6
1985: 1st Q ..	-19.1	34.5	72.3	-6.7	-5.4	-20.9
2nd Q ..	-4.8	44.1	71.0	-14.7	23.4	-58.8
3rd Q ..	44.2	61.4	65.2	116.5	19.8	-22.4
4th Q ..	65.2	73.3	5.1	422.8	50.6	-41.8
1986: 1st Q 3/	52.4	19.5	-12.1	140.9	34.8	51.0

1/ Value of construction subject to State excise tax. Tax data adjusted to reflect reporting delay of about one month.

2/ Includes hotels.

3/ Excludes Maui County building authorizations.

Source: Hawaii State Department of Taxation; County building departments; Trade Publishing Co., Building Industry Digest; BID Service Weekly; and First Hawaiian Bank.

Table 7-2.-- ESTIMATED VALUE OF PRIVATE BUILDING CONSTRUCTION
AUTHORIZATIONS BY COUNTY: 1980 TO 1986

[Millions of dollars]

Year	State	City and County of Honolulu	Hawaii County	Kauai County	Maui County
1980	1,219.2	686.3	146.0	133.3	253.7
1981	802.0	454.1	136.5	67.7	139.6
1982	683.1	473.0	75.2	44.2	90.7
1983	685.2	366.8	86.7	140.5	91.3
1984	581.5	378.3	90.3	53.0	59.8
1985	889.0	524.8	121.3	63.9	178.9
1985 1st Q ...	196.1	119.2	46.0	14.6	16.3
2nd Q ...	226.9	96.8	19.9	15.2	95.1
3rd Q ...	219.5	138.3	31.2	18.9	31.1
4th Q ...	246.5	170.6	24.2	15.2	36.5
1986 1st Q ...	(NA)	150.9	21.9	42.1	(NA)
Percent change from corresponding period in previous year					
1980	39.4	36.9	30.1	17.1	72.0
1981	-34.2	-33.8	-6.5	-49.2	-45.0
1982	-14.8	4.2	-44.9	-34.7	-35.0
1983	0.3	-22.4	15.3	217.5	0.6
1984	-15.1	3.1	4.3	-62.3	-34.4
1985	52.9	38.7	34.3	20.5	199.0
1985 1st Q ...	33.2	32.3	94.5	-9.5	2.4
2nd Q ...	44.1	-14.9	8.3	33.6	578.4
3rd Q ...	61.4	66.6	45.1	28.0	86.2
4th Q ...	73.3	86.5	-9.8	42.3	176.1
1986 1st Q ...	(NA)	26.6	-52.4	188.4	-

NA Not available.

Source: County building departments.

Table 7-3.-- ESTIMATED VALUE OF GOVERNMENT CONSTRUCTION
CONTRACTS AWARDED BY AWARDING AGENCY: 1980 TO 1986

[Millions of dollars]

Year	Total	Federal	State	County
1980	230.6	66.5	120.0	44.1
1981	427.5	176.1	180.5	70.9
1982	392.7	139.6	182.0	71.2
1983	277.9	84.7	126.8	66.4
1984	411.8	130.0	196.7	85.1
1985	248.5	74.8	93.8	79.9
1984: 1st Q	65.9	8.7	38.9	18.3
2nd Q	124.8	33.2	78.0	13.6
3rd Q	84.1	5.9	58.4	19.8
4th Q	136.9	82.2	21.3	33.3
1985: 1st Q	52.1	7.4	7.9	36.8
2nd Q	51.4	15.9	27.3	8.3
3rd Q	65.3	7.3	33.6	24.4
4th Q	79.7	44.2	25.0	10.4
1986: 1st Q	78.7	13.9	47.6	17.2
Percent change from corresponding period in previous year				
1980	-40.7	-37.1	-45.7	-28.8
1981	85.4	164.8	50.5	60.6
1982	-8.1	-20.7	0.8	0.4
1983	-29.3	-39.3	-30.3	-6.7
1984	48.2	53.4	55.1	28.2
1985	-39.6	-42.4	-52.3	-6.2
1984: 1st Q	-33.0	-25.7	-27.4	-44.7
2nd Q	526.0	478.3	828.5	42.3
3rd Q	17.5	-65.4	58.0	11.8
4th Q	62.6	63.1	-23.1	455.0
1985: 1st Q	-20.8	-14.3	-79.6	101.2
2nd Q	-58.8	-52.2	-65.1	-39.4
3rd Q	-22.4	23.7	-43.2	23.2
4th Q	-41.8	-46.2	17.4	-68.8
1986: 1st Q	51.0	87.3	500.6	-53.2

Source: Trade Publishing Co., Building Industry
Digest: BID Service Weekly and First Hawaiian Bank,
Research Division.

Table 7-4.-- NUMBER OF SINGLE-FAMILY AND MULTI-FAMILY HOUSING UNITS
AUTHORIZED BY COUNTY: 1980 TO 1986

Year	State	City and County of Honolulu	Hawaii County	Kauai County	Maui County
Single family units (including duplexes):					
1980	4,058	1,645	1,204	401	808
1981	2,649	728	1,048	409	464
1982	2,285	725	800	230	530
1983	3,417	1,627	938	291	561
1984	4,442	2,513	928	361	640
1985	4,951	2,436	1,046	453	1,016
1985: 1st Q	802	329	239	85	149
2nd Q	1,236	650	251	88	247
3rd Q	1,644	841	318	181	304
4th Q	1,269	616	238	99	316
1986: 1st Q	(NA)	368	266	72	(NA)
Multi-family units (3 or more units per structure):					
1980	6,603	3,297	727	766	1,813
1981	3,142	1,873	270	64	935
1982	4,594	4,109	245	118	122
1983	1,341	1,220	38	73	10
1984	1,021	829	153	35	4
1985	2,450	1,807	128	84	431
1985: 1st Q	1,151	976	124	44	7
2nd Q	696	316	0	0	380
3rd Q	291	217	0	40	34
4th Q	312	298	4	0	10
1986: 1st Q	(NA)	1,207	0	0	(NA)

NA Not available.

Source: County building departments.

Table 7-5.-- CONSTRUCTION EMPLOYMENT AND EARNINGS: 1980 TO 1986

Year	Total jobs	Average weekly hours	Full-time equivalent jobs <u>1/</u>	Insured unemployed persons <u>2/</u>	% un-employed <u>3/</u>	Average hourly earnings (in dollars)
1980	23,950	36.2	21,700	2,650	10.9	11.85
1981	21,900	36.2	19,800	3,500	15.0	13.13
1982	17,850	35.8	16,000	4,000	20.0	14.50
1983	17,800	37.2	16,500	2,850	14.7	15.80
1984	15,800	36.9	14,600	3,500	19.3	16.46
1985	16,950	36.5	15,450	(NA)	(NA)	17.14
1985: 1st Q .	16,000	36.8	14,700	(NA)	(NA)	16.77
2nd Q .	16,950	36.0	15,250	(NA)	(NA)	16.73
3rd Q .	17,500	37.7	16,500	(NA)	(NA)	17.14
4th Q .	17,350	35.7	15,500	(NA)	(NA)	17.90
1986: 1st Q .	16,800	37.5	15,750	(NA)	(NA)	17.25
Percent change from corresponding period in previous year						
1980	2.4	0.6	3.1	55.9	-	7.2
1981	-8.6	0.0	-7.1	32.1	-	11.2
1982	-18.5	-1.1	-19.2	14.3	-	9.4
1983	-0.3	3.9	3.4	-28.7	-	9.0
1984	-11.2	-1.6	-11.5	22.8	-	4.2
1985	7.3	-1.1	5.8	(NA)	-	4.1
1985: 1st Q .	-5.6	-3.4	-8.9	(NA)	-	2.4
2nd Q .	0.0	0.6	0.7	(NA)	-	1.2
3rd Q .	11.5	0.5	10.7	(NA)	-	4.6
4th Q .	28.0	1.1	29.7	(NA)	-	8.0
1986: 1st Q .	5.1	1.9	7.1	(NA)	-	2.9

NA Not available.

1/ Equivalent number of jobs if all workers had worked a 40-hour week.2/ Since 1982, tabulations done once a week every quarter.3/ Percent unemployed is defined as the ratio of insured persons to the total of insured unemployed and full-time equivalent jobs, expressed as a percent.

Source: Hawaii State Department of Labor and Industrial Relations.

Table 7-6.-- HONOLULU CONSTRUCTION COST INDEXES: 1980 TO 1986

[1967=100]

Year 1/	Single-family residence			High-rise building		
	All components	Material prices	Labor 2/	All components	Material prices	Labor 2/
1980	283.2	263.8	307.8	290.1	270.5	307.1
1981	291.2	254.2	336.6	308.2	274.6	337.4
1982	304.7	250.6	373.0	330.3	281.4	372.8
1983	331.5	276.5	400.9	352.1	294.6	402.0
1984	348.2	281.4	432.5	367.2	294.5	430.2
1985	357.6	286.7	447.1	375.2	295.8	444.0
1984: March	348.0	283.0	430.0	367.4	296.0	429.3
June	347.4	280.4	431.8	367.1	294.1	430.4
Sept.	352.2	281.6	441.2	370.2	293.7	436.6
Dec.	350.4	278.7	441.0	369.1	291.6	436.4
1985: March	352.6	281.8	442.0	370.1	291.5	438.3
June	356.3	288.4	442.0	373.1	297.0	439.1
Sept.	364.5	291.1	457.1	382.5	299.5	454.4
Dec.	363.0	287.5	458.3	381.1	295.7	455.1
1986: March	365.3	290.2	460.0	383.2	298.9	456.3
Percent change from corresponding period in previous year						
1980	6.4	6.2	6.6	9.8	13.8	6.8
1981	2.8	-3.6	9.4	6.3	1.5	9.9
1982	4.6	-1.4	10.8	7.2	2.5	10.5
1983	8.8	10.3	7.5	6.6	4.7	7.8
1984	5.0	1.8	7.8	4.3	0.0	7.0
1985	2.7	1.9	3.4	2.2	0.4	3.2
1984: March	7.4	5.7	8.9	5.4	1.2	8.0
June	3.2	-2.9	8.8	4.4	-0.1	8.0
Sept.	4.2	-0.4	8.0	4.0	-1.0	7.2
Dec.	3.2	-1.4	7.1	2.8	-1.8	5.7
1985: March	1.3	-0.4	2.8	0.7	-1.5	2.1
June	2.6	2.9	2.4	1.6	1.0	2.0
Sept.	3.5	3.4	3.6	3.3	2.0	4.1
Dec.	3.6	3.2	3.9	3.3	1.4	4.3
1986: March	3.6	3.0	4.1	3.5	2.5	4.1

1/ Annual averages unless otherwise specified.

2/ Includes wages and benefits.

Source: First Hawaiian Bank, Research Division.

8. MAJOR SOURCES OF INCOME

Hawaii's largest export industry, tourism, saw a 6.6 percent increase in visitor expenditures to under \$4.9 billion in 1985. During the year, total visitor arrivals increased by only 0.3 percent, and the rate of inflation for Honolulu was 3.3 percent. The larger increase in expenditures could be attributed to the increase in eastbound visitors, mostly from Japan, whose average expenditure per day is more than twice the expenditure for westbound visitors.

The value of processed sugar decreased in 1985 due to a drop in sugar production and prices. However, with the passage of the 1985 Farm Act, the Federal government continues to support the price of sugar, guaranteeing a price of 18 cents a pound for raw sugar for the next five years.

Table 8-1.--DIRECT INCOME OR PRODUCTION VALUE OF MAJOR EXPORT INDUSTRIES: 1960 TO 1985

[Millions of dollars]

Year	Visitor expenditures	Defense expenditures ^{1/}	Value of production	
			Sugar ^{2/}	Pineapple
1960	131	351.4	118.4	119.4
1970	595	639.4	187.8	138.6
1980	2,875	1,317.4	594.1	226.5
1981	3,200	1,449.3	327.9	217.6
1982	3,700	1,693.4	351.5	206.0
1983	3,974	1,848.2	410.2	219.0
1984	4,582	1,867.2	393.0	249.6
1985	4,884	1,965.4	(NA)	(NA)

NA Not available.

^{1/} 1985 data partly estimated due to change in reporting method.

^{2/} Includes value of molasses.

Source: Hawaii Visitors Bureau; quarterly reports of armed forces; Hawaiian Sugar Planters' Association; Pineapple Growers Association of Hawaii and State Department of Agriculture.

Table 8-2.-- DEFENSE EXPENDITURES IN HAWAII BY SERVICE:
1980 TO 1986

[Millions of dollars]

Year or quarter	Total	Navy and Marine 1/	Army	Air Force	Coast Guard
1980	1,317.4	711.3	441.8	141.7	22.7
1981	1,449.3	770.4	493.8	158.3	26.7
1982	1,693.4	878.2	611.5	173.7	29.9
1983	1,848.2	935.9	702.7	182.6	27.0
1984	1,867.2	948.2	685.2	207.6	26.2
1985	1,965.4	955.3	780.4	201.0	28.7
1985: 1st Q ..	465.8	226.1	180.0	52.9	6.9
2nd Q ..	538.6	253.3	225.4	52.4	7.5
3rd Q ..	477.8	227.2	191.4	52.3	6.9
4th Q ..	483.2	248.7	183.6	43.5	7.5
1986: 1st Q ..	453.1	221.1	176.1	48.9	7.1
Percent change from corresponding quarter in previous year					
1980	7.8	11.0	2.8	9.6	2.7
1981	10.0	8.3	11.8	11.7	17.6
1982	16.8	14.0	23.8	9.7	12.0
1983	9.1	6.6	14.9	5.1	-9.7
1984	1.0	1.3	-2.5	13.7	-2.7
1985	5.3	0.7	13.9	-3.1	9.6
1985: 1st Q ..	1.0	-4.8	10.3	-2.1	3.9
2nd Q ..	16.2	7.3	33.0	2.0	13.7
3rd Q ..	3.9	-4.1	15.4	2.8	13.1
4th Q ..	0.1	4.6	-1.7	-15.2	8.5
1986: 1st Q ..	-2.7	-2.2	-2.2	-7.6	3.8

1/ Since December 1985, Navy data partly estimated due to change in reporting method.

Note: Data include all appropriated expenditures for military and civilian payrolls, services, supplies and construction. Excludes R&R expenditures, dependent allotments, retired military pay and non-appropriated funds for exchanges, clubs, special services, etc.

Source: Quarterly reports from armed forces, compiled by DPED.

Table 8-3.-- VALUE OF PROCESSED SUGAR AND CANNED PINEAPPLE
SUBJECT TO STATE EXCISE TAX: 1980 TO 1986

Year ¹	Value of shipments ^{1/} (millions of dollars)		Percent change from same period in previous year	
	Sugar processing ^{2/}	Pineapple canning ^{3/}	Sugar processing	Pineapple canning
1980	545.3	190.9	85.4	9.6
1981	392.5	169.8	-28.0	-11.1
1982	336.3	189.3	-14.3	11.5
1983	421.5	174.2	25.3	-8.0
1984	427.2	213.3	1.4	22.4
1985	355.7	100.1	-16.7	-53.1
1983:				
1st Q	105.9	32.6	68.4	-26.4
2nd Q	99.9	40.4	23.6	4.3
3rd Q	136.2	50.9	35.4	-19.3
4th Q	79.4	50.3	-13.7	16.7
1984:				
1st Q	90.1	53.6	-14.9	64.4
2nd Q	114.4	47.8	14.5	18.3
3rd Q	131.0	52.5	-3.8	3.0
4th Q	91.7	59.5	15.4	18.4
1985:				
1st Q	84.6	35.4	-6.1	-34.0
2nd Q	87.5	32.7	-23.5	-31.5
3rd Q	107.3	15.8	-18.3	(NC)
4th Q	76.3	16.1	-16.8	(NC)
1986:				
1st Q	102.7	16.3	21.5	(NC)

Note: These data are compiled for excise tax purposes and, for various reasons, differ from annual figures in table 8-1, prepared by the Hawaii State Department of Agriculture. These are, however, the only data related to the value of sugar and pineapple that are available on a monthly or quarterly basis.

NC Not comparable.

^{1/} Processed sugar and canned pineapple are taxed at the time the products leave factory inventories rather than at the time of actual sale.

^{2/} Includes value of molasses.

^{3/} Since August 1, 1985, excludes a major portion of the value of exported pineapple canning.

Source: Hawaii State Department of Taxation.

Table 9-1.-- RECENT ECONOMIC AND DEMOGRAPHIC TRENDS: STATE OF HAWAII

Series 1/	Unit	Period 2/	Number	Percent change from same period in previous year
Resident population (p)	Persons	7/1/85	1,053,900	1.5
City and County of Honolulu (p)	Persons	7/1/85	809,900	0.6
Hawaii County (p)	Persons	7/1/85	111,000	4.3
Kauai County (p)	Persons	7/1/85	46,200	5.1
Kauai Island (p)	Persons	7/1/85	46,100	5.1
Niihau (p)	Persons	7/1/85	180	0.0
Maui County (p)	Persons	7/1/85	86,800	4.4
Maui Island (p)	Persons	7/1/85	78,000	4.6
Lanai (p)	Persons	7/1/85	2,200	0.7
Molokai (p)	Persons	7/1/85	6,600	3.3
Personal income 3/	\$ Million	4th Q 1985	14,582	5.5
Consumer price index (Honolulu)				
All items	(1967=100)	April	299.0	2.2
Food prices	(1967=100)	April	332.5	-0.4
Construction				
Private permits 4/	\$ Million	1st Q	214.9	19.5
Residential permits	\$ Million	1st Q	105.4	-12.1
New single-family units	Number	1st Q	706	8.1
New multi-family units	Number	1st Q	1,207	5.5
Commercial & industrial	\$ Million	1st Q	65.4	140.9
Additions & alterations	\$ Million	1st Q	44.0	34.8
Government contracts awarded ...	\$ Million	1st Q	78.7	51.0
Construction cost indexes (Hon.)				
Single family	(1967=100)	March	365.3	3.6
High-rise buildings	(1967=100)	March	383.2	3.5
Employment				
Civilian labor force	Persons	1st Q	488,050	2.2
Civilian employment	Persons	1st Q	460,050	2.1
Civilian unemployment	Persons	1st Q	27,950	3.5
Unemployment rate	Percent	1st Q	5.7	-
Total jobs	Number	1st Q	472,800	1.4
Visitor industry				
Total visitors	Number	1st Q	1,386,790	6.6
Westbound	Number	1st Q	1,088,330	7.6
Eastbound	Number	1st Q	298,460	3.0
Visitor expenditures	\$ Million	1985	4,884	6.6
Hotel units	Number	February	66,308	0.6
Defense expenditures	\$ Million	1985	1,965.4	5.3
Sugar production	\$ Million	1984	393.0	-4.2
Pineapple sales	\$ Million	1984	249.6	14.0

p Provisional estimates.

1/ Statewide data unless indicated otherwise.

2/ Data for 1986 unless otherwise noted.

3/ Seasonally adjusted at annual rate.

4/ Excludes data for Maui County.

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ERRATUM

In Table 1-2, p. 10, average annual percent changes for projections of residential and nonstructural construction are incorrect. The constant 1972 dollar values for these categories are correct. The "Total Construction" section of Table 1-2 with the corrected percent changes for the residential and nonstructural components appears below.

Page 10, Table 1-2; Corrected "Total Construction" Section

Total construction (constant 1972 dollars)	539.8	627.9	679.2	733.5	16.3	8.2	2.6
Residential	172.3	217.8	240.0	297.8	24.6	10.2	7.4
Commercial	136.7	175.1	197.5	186.9	28.1	12.8	-1.8
Government	179.5	180.0	180.0	180.0	0.3	0.0	0.0
Non-structural	51.3	55.0	61.7	68.8	7.2	12.2	3.7

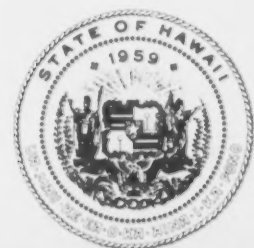
Quarterly Statistical & Economic Report

CPI INTEREST RATES INFLATION CYCLES
CONSTRUCTION LABOR ECONOMY
RESOURCES PRICES LABOR MARKET
SUPPLY BUSINESS HOUSING AQUACULTURE
INCOME WEALTH FORECASTING STRIKES
DEVELOPMENT ADJUSTMENT MIGRATION
INFLATION TRADE

- The Economy:
Recent Trends
Outlook
- What is the
Consumer Price Index?
- Statistical Tables

3rd Quarter 1986

DEPARTMENT OF PLANNING AND ECONOMIC DEVELOPMENT



This quarterly report has been prepared by the Research and Economic Analysis Division of the State Department of Planning and Economic Development (DPED). It presents information and analysis concerning current statistical and economic trends affecting Hawaii. Technical notes and source descriptions have been kept to a minimum. However, the staff of the Research and Economic Analysis Division will be happy to respond to any inquiries of a technical nature that readers may have (548-3062).

The report was prepared under the direction of Dr. Richard Y. P. Joun, Head, Research and Economic Analysis Division, by Robert Shore, Robert C. Schmitt, Karen Yamashita, and Sharon Nishi. The cover was prepared by Stewart Wastell, illustrator in DPED's Planning Division. Graphics were by the DPED Economic Planning Information System Project staff.

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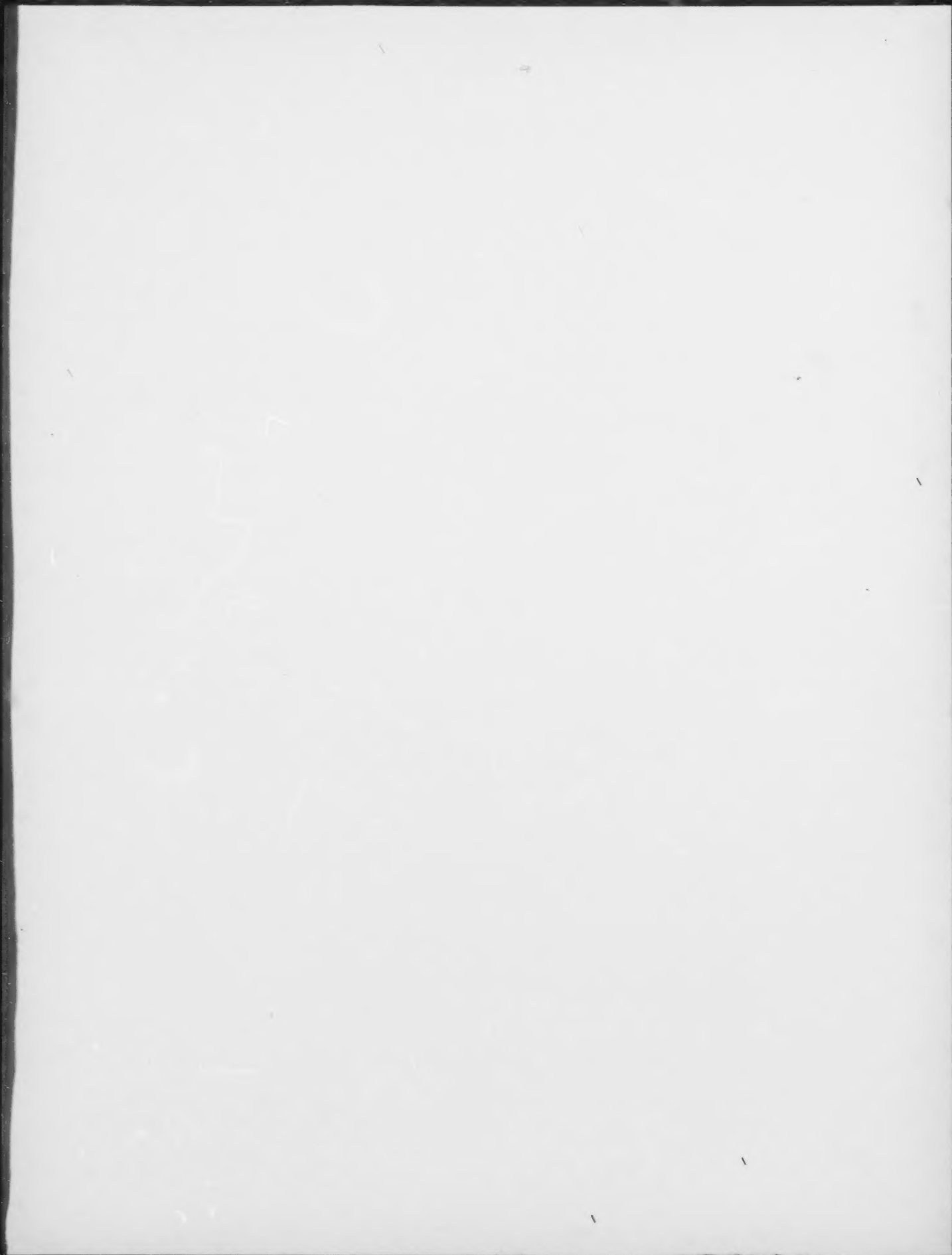
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1. THE ECONOMY - RECENT TRENDS AND OUTLOOK

A. Current Economic Conditions

This year's boom in tourism continued into the third quarter with record numbers of visitors packing most hotels in the State. A small sample of hotels surveyed in mid-August by DPED indicated that unoccupied rooms were scarce even on the Big Island of Hawaii, which typically experiences the lowest occupancy among the major Islands. Total visitor arrivals during the second quarter of this year registered a 25 percent increase over the same 1985 period. Part of this gain was due to the artificially low visitor count for May and June of 1985 when most of United Airlines service was shut down by a pilots' strike. However, a substantial portion of the gain - perhaps 15 percent - represents a renewed interest in Hawaii as a vacation destination. Even Eastbound travel, which was not affected by the United strike last year, showed a strong 10 percent gain in the second quarter. The lower value of the U.S. dollar has probably made Hawaii a more attractive vacation buy for Eastbound travelers this year.

Yet for all the activity in Hawaii's largest industry, the State's economy as a whole appeared to be turning in only a moderate performance through the first half of the year, based on preliminary statistics. The total job count estimate, for instance, was up a respectable 1.7 percent for the first half of the year, but below the roughly 3 percent growth rate predicted. However, these estimates are due for revision later in the year when more complete data will be available, and based on past experience, it will likely be an upward revision.

Elsewhere in the economy, total transactions in the State subject to excise and use tax showed a 6 percent gain during the first half of 1986, or roughly a 4 percent real increase in activity when inflation is taken into account. This, again, is a moderate but not impressive increase, given the tourism boom.

What appears to be holding the economy back somewhat this year is a decline in the amount of goods and services purchased locally by the military services. These purchases were down 30 percent for the first half of 1986 and reflect several factors. First, military purchases in 1985 were abnormally high due to the purchase of a new computer system by the Army, and a large amount of military construction, much of which had been delayed by earlier strikes. Federal contracts awarded in 1985 for future construction declined 42 percent, contributing to a decline this year in military construction activity. Contracts are down an additional 11 percent for the first six months of 1986. Another reason for the decline in military procurement may be uncertainty over the nature and impact of impending budget cuts under the "Gramm-Rudman" act.

Apart from the decline in military work, the State's construction industry is posting impressive gains as it continues its recent recovery

from a five-year slump. The total value of construction completed in the first five months of 1986 is 42 percent ahead of construction completed in the comparable 1985 period. The value of total authorizations for private construction approved during the first half of 1986 shows a 29 percent increase from the same 1985 period. Finally, even with the decline in Federal construction contracts this year, State and local government contracts have increased sharply, causing the total value of construction contracts for all levels of government to show an 84 percent increase in the first six months of 1986.

On the Mainland, the economy is performing below expectations. The Gross National Product in the second quarter grew at an annual rate of only 0.6 percent. Investment activity is very slow despite the fact that interest rates are at their lowest levels in years. The uncertainty of the impact of tax reform may have had a depressing impact on investment activity. Now, with a final tax bill near passage, the business sector should be in a position to follow through with needed investment, with some certainty of the tax consequences.

B. The Economic Outlook

For Hawaii, the outlook for the remainder of 1986 remains quite favorable. Tourism and the upsurge in construction should more than compensate for weaknesses in Federal spending and the sugar and pineapple sectors. Revisions to the State job count series later in the year may show a more substantial gain in employment for 1986.

For the Nation as a whole, the positive impact of the dollar's decline in value internationally, lower oil prices and lower interest rates have yet to be translated into renewed economic growth. Still, the prospect of a recession at the national level in the near future remains unlikely, and most economists continue to be optimistic about increased economic growth in 1987 even if performance in the later half of 1986 does not live up to earlier expectations.

Ironically, sluggish economic conditions on the Mainland have kept interest rates and inflation low, providing a favorable base for the recovery of Hawaii's construction industry. Meanwhile, the dollar's lower international value continues to improve the outlook for foreign tourism in the future. With most factors seemingly in Hawaii's favor, the outlook for the State's economy next year remains cautiously optimistic. A more detailed economic forecast for Hawaii and the nation will be presented in the forthcoming Economy of Hawaii 1986, DPED's annual economic review and outlook.

2. WHAT IS THE CONSUMER PRICE INDEX?

The Honolulu consumer price index (CPI) is one of the most frequently requested and potentially useful statistical measures available for Hawaii's economy. Unfortunately, many users and would-be users of the CPI remain poorly informed as to its nature, method of calculation, and availability. Consequently the CPI is frequently used in inappropriate circumstances. Accordingly, a brief description of this popular index may prove helpful.

Description of the CPI

The consumer price index is a measure of the average change in prices over time of a fixed market basket of goods and services. The U.S. Bureau of Labor Statistics (BLS) publishes CPIs for two population groups: (1) a CPI for all urban consumers (CPI-U) which covers approximately 80 percent of the total noninstitutional civilian population; and (2) a CPI for urban wage earners and clerical workers (CPI-W) which represents about half the population covered by the CPI-U. The CPI-U includes, in addition to wage earners and clerical workers, groups such as professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, and retirees and others not in the labor force.

The CPI is based on prices of food, clothing, shelter, and fuels, transportation fares, charges for doctors' and dentists' services, drugs, and the other goods and services that people buy for day-to-day living. Prices are collected in 85 urban areas across the country (including Honolulu) from about 4,000 food stores, 24,000 rental units, and 28,000 establishments -- department stores, hospitals, filling stations, and other types of stores and service establishments. All taxes directly associated with the purchase and use of items are included in the index. Prices of food, fuels, and a few other items are obtained every month in all 85 locations. Prices of most other commodities and services are collected every other month in most areas. Prices of goods and services are usually obtained by personal visits of the Bureau's trained representatives. Mail questionnaires are used to obtain public utility rates, some fuel prices, and certain other items.

In calculating the index, price changes for the various items in each city are averaged together with weights which represent the importance in the spending of the appropriate population group. Local data are then combined to obtain a U.S. city average. Separate indexes are also published for each of 28 local areas, one of which is Honolulu. Area indexes do not measure differences in the level of prices among cities; they only measure change in prices for each area since the base period.

The index measures price changes from a designated reference date -- currently 1967 -- which equals 100.0. An increase of 199.2 percent, for example, is shown as 299.2. (This was the Honolulu CPI-U as of June 1986.) This change can also be expressed in dollars as follows: The price of a base period "market basket" of goods and services in the CPI has risen from \$10 in 1967 to \$29.92.

History of the CPI

Nationally, the BLS began publication of the CPI-W, then called simply the CPI, in 1919. Based on official records, the CPI was extended back to 1913, and, using unofficial data, all the way back to 1800. The first major revision of the CPI occurred in 1940, with subsequent revisions in 1953, 1964, and 1978. The current revision, initially issued with release of the January 1978 data, is based on updated "market baskets" of goods and services and revised expenditure weights derived from a 1972-1973 Consumer Expenditure Survey. Also in January 1978, the CPI-U was introduced and was linked to the December 1977 CPI-W to provide a long-term series tied to the 1967 base period.

The Honolulu CPI is available back to 1940, but comparability of the data before 1963 is limited. The local index was officially established in 1943, and at that time it was unofficially extended back to 1940. The 1943 index was based on a family income and expenditure survey of Honolulu families made by the U.S. Bureau of Labor Statistics. Maintenance of the index was entrusted to the Territorial Department of Labor and Industrial Relations, which published monthly food prices and quarterly indexes for all items combined and each major component through December 1963. Information on residential rents became unavailable after 1961 and the all-items index thereafter omitted rents.

The present CPI-W was first compiled for Honolulu in December 1963. Initially compiled by BLS four times annually (in March, June, September, and December, the same schedule followed before 1963), the CPI-W for Honolulu was released six times annually, February to December, beginning in 1978. Also in 1978, BLS introduced the Honolulu CPI-U. Like the nationwide indexes, both of the Honolulu CPI's use a base of 1967 equals 100.

Although not strictly comparable to the present index, the CPI compiled for the 1940-1963 period has been linked by DPED to the current BLS series, thereby providing a rough measure of trends in Honolulu prices covering more than 46 years. In making any such long-term comparisons, however, users should recognize that the earlier index was based on a survey made in March 1943, when family consumption patterns were severely distorted by wartime conditions. By 1946, to say nothing of 1963, such weights were obsolete. The 1943 index also excluded a number of items included in later surveys.

Recent and Proposed Revisions in the CPI

Several major changes in the CPI have recently been introduced or planned for the near future. These include a different treatment of homeownership costs, a shift to weights based on more recent consumer expenditure surveys, and a less frequent publication schedule for many local areas. All of these modifications affect comparability of the CPI over time.

One of the most significant methodological changes has been the incorporation of a rental equivalence measure of homeowners' costs, effective for the CPI-U in January 1983 and the CPI-W in January 1985. The rental equivalence approach calculates shelter costs of homeowners based on the

implicit rent owners would have to pay to rent homes they own. The old method calculated homeownership as home purchase, mortgage interest costs, property taxes, property insurance, and maintenance and repairs.

A second major change, to be made with the release of data for January 1987, will be the use of weights based on the 1982-1984 Consumer Expenditure Survey, rather than on the 1972-1973 survey heretofore used.

Although the nationwide price indexes will continue to appear on a monthly basis, the Honolulu CPI-U and CPI-W, currently released six times annually, will come out only twice yearly after publication of the December 1986 data. The two sets of data will consist of semi-annual averages, the first covering January through June and the second, July through December. The base period of the new indexes will continue to be 1967.

Past Trends in the CPI

The CPI-U in June 1986 was 299.2 for Honolulu and 327.9 for the entire United States. The CPI-W stood at 306.5 locally and 323.0 nationally. The all-items index has thus tripled since 1967, both in Honolulu and elsewhere in the country. Mainland prices, as measured by either the CPI-U or CPI-W, have increased somewhat faster than those in Honolulu.

Based on annual averages, the CPI-W rose 644 percent in Honolulu and 658 percent nationally between 1940 and 1985. From 1980 to 1985, increases for Honolulu and the nation were 31.8 and 28.9 percent, respectively. Both for the CPI-U and CPI-W, the Honolulu trend closely followed the nationwide trend.

Annual increases in Honolulu peaked in 1941-1942 (at 13.1 percent), 1946-1947 (15.4 percent), 1973-1974 (10.6 percent), and 1979-1980 (11.8 percent), with six of the past 35 years showing double-digit inflation. These periods of rapid price increases coincided with the beginning of World War II, decontrol of prices at the end of the war, and the OPEC oil embargoes of the 1970s.

Only two periods, 1948-1949 and 1949-1950, showed annual declines in the CPI; in both periods, the Territory was affected by postwar cutbacks in defense activity, a Mainland recession, and particularly the 1949 waterfront strike.

Among major component groups, the greatest increases between 1967 and April 1986 were for medical care (326.0 percent), fuels (277.0 percent), and food away from home (246.2 percent). Apparel and upkeep, the most stable item in the CPI-U "market basket," rose only 105.5 percent.

These divergent trends in prices were accompanied by equally dramatic shifts in family consumption patterns, implicit in the changing weights used for calculating the all-items Honolulu CPI. Data on these weights are available back to 1943. Since that time, both food and clothing have declined sharply in relative importance. Food accounted for 45 percent of the CPI in

1943, 25 percent in 1967, and 20 percent at the end of 1985. The weight assigned to apparel and upkeep fell from 15 percent in 1943 to 8.3 percent in 1967 and 4.7 percent in 1985. Housing and transportation weights, in contrast, climbed appreciably. The total weight for housing was 16 percent in 1943, 29 percent in 1967, and 41 percent in December 1985. Transportation rose from 5.7 percent to 16 percent during the same 42-year period.

Further information appears in the tables at the end of this section.

Applications

Data users have found the consumer price index useful for a wide range of applications, both analytical and administrative. Some of these applications, unfortunately, have been inappropriate or misleading.

The CPI has seen its most frequent use as a simple measure of comparative trends, in which price changes in a given year are compared with changes in an earlier period, or trends in Honolulu, say, or compared with those in other parts of the nation. The CPI is particularly useful in charting price movements among the various goods and services making up the "market basket."

A common error is the assumption that a city with a higher CPI than another city must have a higher absolute cost of living than the city with a lower CPI. This assumption is frequently incorrect. The CPI does not indicate geographic differentials in absolute living costs; it merely shows whether prices are increasing more or less rapidly in one area than another. Thus, the national CPI-U (327.9) in June 1986 was several points higher than the Honolulu index (299.2). This merely indicates that prices have climbed faster since 1967 for the country as a whole than for Honolulu. Other studies, however, show that the actual cost of living in Honolulu far exceeds that elsewhere in the country, perhaps by as much as 30 percent.

Another risky procedure is using the CPI as a deflator, to convert an economic measure from current dollars to constant dollars. For many purposes, of course, this is a perfectly valid technique; examples might include the deflation of time series on wage rates or per capita personal income. In another context, however, such an approach would be questionable. One recent example includes a proposal to use either the all-items CPI or the housing subcategory as a deflator for land prices. Unfortunately, land prices are measured only indirectly by the housing CPI, which is based on a number of factors that may or may not move in the same direction as land costs.

Perhaps the most common application of the CPI is in escalator provisions in collective bargaining agreements, so-called COLA adjustments for Social Security payments, and the like. When such adjustments are made for a local area, the Bureau of Labor Statistics recommends use of the national rather than local CPI, because of significant sampling variation in indexes limited to single cities. Consideration must also be given as to whether the escalator provision should be tied to the CPI-U or CPI-W.

Other Price Indexes

Users of the CPI should also be aware that it is only one of several measures of price trends, and that other indexes may be more suitable for their purposes.

One of the better-known indexes is the producer price index, formerly known as the wholesale price index. First compiled in 1890, this index is designed to measure average changes in prices of all commodities, at all stages of processing, produced for sale in primary markets in the U.S. No separate index of this type is available for Hawaii.

The implicit price deflator for personal consumption expenditures is published by the Bureau of Labor Statistics. Like the producer price index, it applies only at the national level; however, Hawaii specific deflators have been developed by DPED, based largely on national data and the Honolulu CPI, for use in adjusting the Hawaii income and expenditure accounts to a constant-dollar basis. Unlike the CPI, these deflators refer to a changing (rather than fixed) "market basket," and thus behave quite differently from the CPI.

Further Information

Persons interested in further information should consult DPED Statistical Report 187, "The Honolulu Consumer Price Index, 1940-1986," issued May 30, 1986, and the U.S. Bureau of Labor Statistics' "Consumer Price Index; Concepts and Content Over the Years," BLS Report 517.

Table 2-1.-- CONSUMER PRICE INDEX (ALL ITEMS COMBINED) FOR THE
UNITED STATES AND HONOLULU: 1940 TO 1986

[Annual averages, except 1986. 1967=100]

Year	CPI-W		Year	CPI-W		CPI-U	
	U.S.	Honolulu		U.S.	Honolulu	U.S.	Honolulu
1940	42.0	40.5	1965	94.5	94.6	...	...
1941	44.1	42.9	1966	97.2	97.3	...	...
1942	48.8	48.5	1967	100.0	100.0	...	...
1943	51.8	52.2	1968	104.2	103.8	...	...
1944	52.7	53.2	1969	109.8	108.5	...	...
1945	53.9	54.4					
1946	58.5	58.3	1970	116.3	114.2	...	...
1947	66.9	67.3	1971	121.3	118.9	...	...
1948	72.1	70.9	1972	125.3	122.8	...	...
1949	71.4	69.7	1973	133.1	128.3	...	...
			1974	147.7	141.9	...	...
1950	72.1	66.9	1975	161.2	155.0	...	...
1951	77.8	71.0	1976	170.5	162.8	...	...
1952	79.5	73.1	1977	181.5	171.0	...	...
1953	80.1	73.7	1978	195.3	184.1	195.4	184.1
1954	80.5	74.4	1979	217.7	204.5	217.4	204.6
1955	80.2	75.4					
1956	81.4	76.4	1980	247.0	228.7	246.8	228.5
1957	84.3	79.0	1981	272.3	252.8	272.4	252.4
1958	86.6	82.8	1982	288.6	268.1	289.1	267.6
1959	87.3	84.2	1983	297.4	278.8	298.4	273.5
			1984	307.6	291.3	311.1	284.8
1960	88.7	86.3	1985	318.5	301.4	322.2	294.1
1961	89.6	88.6	1986 (June)	323.3	306.5	327.9	299.2
1962	90.6	90.6					
1963	91.7	92.6					
1964	92.9	92.9					

Source: U.S. Bureau of the Census, Historical Statistics of the United States, Colonial Times to 1970, Part 1 (1975), pp. 210-211; Robert C. Schmitt, Historical Statistics of Hawaii (University Press of Hawaii, 1977), pp. 146-147; U.S. Bureau of Labor Statistics, CPI Detailed Report (monthly) and Consumer Price Indexes, Pacific Cities and U.S. City Average (monthly).

Table 2-2.-- PERCENT CHANGE IN THE CONSUMER PRICE INDEX (ALL ITEMS COMBINED), FOR THE UNITED STATES AND HONOLULU: ANNUALLY, 1940 TO 1985

[Based on annual averages]

Years	CPI-W		Years	CPI-W		CPI-U	
	J.S.	Honolulu		U.S.	Honolulu	U.S.	Honolulu
1940-41 ...	5.0	5.9	1965-66 ...	2.9	2.9	...	...
1941-42 ...	10.7	13.1	1966-67 ...	2.9	2.8	...	...
1942-43 ...	6.1	7.6	1967-68 ...	4.2	3.8	...	...
1943-44 ...	1.7	1.9	1968-69 ...	5.4	4.5	...	...
1944-45 ...	2.3	2.3	1969-70 ...	5.9	5.3	...	...
1945-46 ...	8.5	7.2					
1946-47 ...	14.4	15.4	1970-71 ...	4.3	4.1	...	...
1947-48 ...	7.8	5.3	1971-72 ...	3.3	3.3	...	...
1948-49 ...	-1.0	-1.7	1972-73 ...	6.2	4.5	...	...
1949-50 ...	1.0	-4.0	1973-74 ...	11.0	10.6	...	...
			1974-75 ...	9.1	9.2	...	...
1950-51 ...	7.9	6.1	1975-76 ...	5.8	5.0	...	...
1951-52 ...	2.2	3.0	1976-77 ...	6.5	5.0	...	...
1952-53 ...	0.8	0.8	1977-78 ...	7.6	7.7	...	...
1953-54 ...	0.5	0.9	1978-79 ...	11.5	11.1	11.3	11.1
1954-55 ...	-0.4	1.3	1979-80 ...	13.5	11.8	13.5	11.7
1955-56 ...	1.5	1.3					
1956-57 ...	3.6	3.4	1980-81 ...	10.2	10.5	10.4	10.5
1957-58 ...	2.7	4.8	1981-82 ...	6.0	6.1	6.1	6.0
1958-59 ...	0.8	1.7	1982-83 ...	3.0	4.0	3.2	2.2
1959-60 ...	1.6	2.5	1983-84 ...	3.4	4.5	4.3	4.1
			1984-85 ...	3.5	3.5	3.6	3.3
1960-61 ...	1.0	2.7					
1961-62 ...	1.1	2.3					
1962-63 ...	1.2	2.2					
1963-64 ...	1.3	0.3					
1964-65 ...	1.7	1.8					

Source: Calculated from table 1.

Table 2-3.-- PERCENT CHANGE IN THE CONSUMER PRICE INDEX
(ALL ITEMS COMBINED), FOR THE UNITED STATES AND
HONOLULU: SPECIFIED PERIODS, 1940 TO 1985

[Based on annual averages]

Period	CPI-W		CPI-U 1/	
	U.S.	Honolulu	U.S.	Honolulu
1940-1985	658.3	644.2	667.1	626.2
1945-1985	490.9	454.0	497.8	440.6
1955-1985	297.1	299.7	301.7	290.1
1965-1985	237.0	218.6	241.0	210.9
1975-1985	97.6	94.5	99.9	89.7
1980-1985	28.9	31.8	30.6	28.7

1/ Based on CPI-W before 1978.

Source: Calculated from table 1.

Table 2-4.-- CONSUMER PRICE INDEX (ALL ITEMS COMBINED), BY TYPE OF CONSUMER, FOR HONOLULU: 1963 TO 1986

[1967 average = 100]

Type of consumer and year	Annual average	February	April	June	August	October	December
All urban consumers: 1/							
1978	184.1	178.0	181.4	183.9	185.6	188.8	191.3
1979	204.6	196.2	200.7	204.4	207.2	210.5	214.8
1980	228.5	220.9	227.4	227.5	230.1	234.6	236.1
1981	252.4	243.3	250.0	252.8	256.6	259.3	258.3
1982	267.6	262.0	263.3	269.0	269.4	275.2	269.9
1983	273.5	270.4	272.8	271.4	273.5	276.4	278.4
1984	284.8	280.7	283.2	284.7	286.0	287.4	289.8
1985	294.1	292.6	292.7	293.5	294.2	295.6	298.5
1986		301.2	299.0	299.2			
Urban wage earners and clerical workers:							
1963	...	...	...	...	...	...	92.8
1964	92.9	...	...	92.4	...	...	93.7
1965	94.6	...	...	94.1	...	...	96.2
1966	97.3	...	...	96.8	...	...	98.8
1967	100.0	...	...	99.7	...	...	101.8
1968	103.8	...	...	103.4	...	...	105.7
1969	108.5	...	...	108.2	...	...	111.0
1970	114.2	...	...	114.4	...	...	115.7
1971	118.9	...	...	118.5	...	...	121.1
1972	122.8	...	...	122.2	...	...	124.4
1973	128.3	...	...	127.5	...	...	132.8
1974	141.9	...	...	141.2	...	...	148.5
1975	155.0	...	...	154.3	...	...	159.8
1976	162.8	...	...	162.3	...	...	165.5
1977	171.0	...	...	170.5	...	...	174.9
1978	184.1	177.5	181.3	184.1	186.0	188.7	191.2
1979	204.5	196.0	200.0	203.6	207.2	211.1	215.5
1980	228.7	221.3	228.4	228.0	229.5	233.5	237.0
1981	252.8	243.5	250.2	253.8	256.6	259.1	259.3
1982	268.1	263.0	264.2	268.9	269.5	274.7	271.0
1983	278.8	274.8	276.9	273.4	278.2	285.9	288.2
1984	291.3	284.3	289.0	290.9	293.6	294.5	297.6
1985	301.4	300.3	300.1	300.4	301.3	302.7	305.8
1986		308.5	306.0	306.5			

1/ Not available before 1978.

Source: U.S. Bureau of Labor Statistics, San Francisco, Consumer Price Index - Pacific Cities and U.S. Average (monthly), as corrected.

Table 2-5.-- CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS, BY EXPENDITURE CATEGORY AND COMMODITY AND SERVICE GROUP, FOR HONOLULU: ANNUAL AVERAGES, 1981 TO 1985

[Unless otherwise specified, 1967=100]

Group	1981	1982	1983	1984	1985
All items	252.4	267.6	273.5	284.8	294.1
Food and beverages	275.4	288.3	296.0	308.2	320.6
Food	285.8	298.8	306.7	319.7	332.2
Food at home	291.7	300.2	305.2	318.6	328.6
Cereals and bakery products	276.6	278.9	289.3	300.8	316.9
Meats, poultry, fish, and eggs ...	278.8	283.4	286.6	292.2	294.8
Meats, poultry, and fish	283.8	288.2	291.8	295.8	299.5
Dairy products	279.2	285.5	287.6	291.6	298.5
Fruits and vegetables	311.5	329.3	324.9	359.3	377.9
Other foods at home	331.1	344.5	358.4	376.6	392.0
Food away from home	277.8	299.7	314.1	327.9	340.9
Alcoholic beverages	186.8	200.0	206.0	210.5	222.7
Housing	240.3	255.0	257.5	268.2	275.8
Shelter	238.4	253.7	257.2	271.2	282.9
Renters' costs 1/	(NA)	(NA)	102.7	109.4	115.0
Rent, residential	224.8	240.7	253.0	269.0	281.9
Other renters' costs	288.2	338.5	382.9	414.4	446.5
Homeowners' costs 1/	(NA)	(NA)	100.6	105.9	110.4
Owners' equivalent rent 1/	(NA)	(NA)	100.6	105.8	110.4
Fuel and other utilities	339.1	352.3	339.9	347.0	337.9
Fuels	480.9	500.4	446.0	457.3	435.4
Gas (piped) and electricity	481.4	500.4	445.3	456.5	434.3
Electricity	(NA)	(NA)	(NA)	452.4	428.2
Utility (piped) gas	(NA)	(NA)	(NA)	451.4	448.2
Household furnishings and operation ..	197.7	210.4	216.7	219.0	221.9
Apparel and upkeep	193.4	201.5	207.7	205.1	203.9
Apparel commodities	188.1	195.5	200.9	197.1	195.1
Men's and boys' apparel	190.0	197.2	201.1	202.2	208.5
Women's and girls' apparel	172.8	183.7	186.9	185.8	190.6
Footwear	188.4	187.4	190.9	194.5	197.0
Transportation	247.1	255.6	253.7	265.7	270.9
Private transportation	252.5	260.1	258.7	272.3	277.6
Motor fuel 2/	(NA)	(NA)	(NA)	194.9	196.8
Gasoline 2/	(NA)	(NA)	(NA)	195.5	197.3
Public transportation	222.6	236.7	231.9	234.2	238.6
Medical care	289.4	324.3	357.6	379.7	400.6
Entertainment	224.8	246.7	257.6	268.9	288.4
Other goods and services	244.2	275.6	303.7	319.1	336.8
Personal care	246.5	276.4	284.9	283.5	292.2

Continued on next page.

Table 2-5.-- CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS, BY EXPENDITURE CATEGORY AND COMMODITY AND SERVICE GROUP, FOR HONOLULU: ANNUAL AVERAGES, 1981 TO 1985 -- Con.

Group	1981	1982	1983	1984	1985
All items	252.4	267.6	273.5	284.8	294.1
Commodities	243.7	257.0	263.8	272.2	279.3
Food and beverages	275.4	288.3	296.0	308.2	320.6
Commodities less food and beverages ..	218.8	231.8	237.8	243.6	247.3
Nondurables less food and beverages	249.5	263.0	270.8	275.1	281.2
Durables	188.7	200.7	205.7	213.7	214.3
Services	267.0	284.9	289.5	304.2	316.0
Medical care services	301.1	338.7	375.1	398.2	418.8
Special indexes:					
All items less shelter	254.6	269.4	276.4	286.5	294.8
All items less medical care	249.7	263.9	268.5	279.2	288.0
All items less energy ^{3/}	139.5	148.7	153.2	159.9	166.0
Energy ^{2/}	205.5	207.8	192.3	196.5	193.1
Commodities less food	216.7	229.6	235.6	241.3	245.4
Nondurables less food	242.0	255.3	262.9	267.2	273.7
Nondurables	265.6	278.9	286.7	295.3	304.8
Services less rent of shelter ^{1/}	(NA)	(NA)	101.3	105.8	109.2
Services less medical care	258.8	274.6	276.3	290.0	300.8

NA Not available.

^{1/} December 1982=100.

^{2/} June 1978=100.

^{3/} December 1977=100.

Source: U.S. Bureau of Labor Statistics, CPI Detailed Report, January issues, 1982 to 1986.



3. INCOME AND PRICES

The U.S. Department of Commerce, Bureau of the Census, recently released annual estimates of personal and disposable income which have been revised back to 1969 to incorporate the results of the 1985 comprehensive revision of the national estimates. Per capita personal and disposable income for 1985 were \$13,184 and \$11,963 respectively. Since 1970, Hawaii's per capita income as a percent of the U.S. average has gradually decreased from 20 percent above the national average to nearly the same level in 1985 (figure 3-1).

The 1980 Decennial Census provided a wide range of information on household and family income for the State and small areas. Because of the lack of current data on income since that time, analysts have turned to other possible sources for State data. The Hawaii State Data Center in the Research and Economic Analysis Division of DPED has extracted and tabulated Hawaii income data from the annual Current Population Survey (CPS).

The March CPS, also known as the Annual Demographic File, provides income, employment, migration, and other demographic characteristics of the civilian noninstitutionalized population of the U.S. Approximately 58,000 households and 156,000 persons are in the national sample. For Hawaii, about 600 households and 2,000 persons are surveyed annually. Table 3-3 lists median income of households, families, and unrelated individuals from 1949 to 1984. Median income after 1979 are based on the annual Current Population Survey. According to the survey results, median household and family income increased more than 40 percent from 1979 to 1984. Because of the relatively small sample size, a three-year pooled sample was suggested. Table 3-4 details the income levels for the 1979 to 1981 and 1982 to 1984 periods.

Figure 3-1
HAWAII PER CAPITA PERSONAL INCOME

(percent of U.S. average)

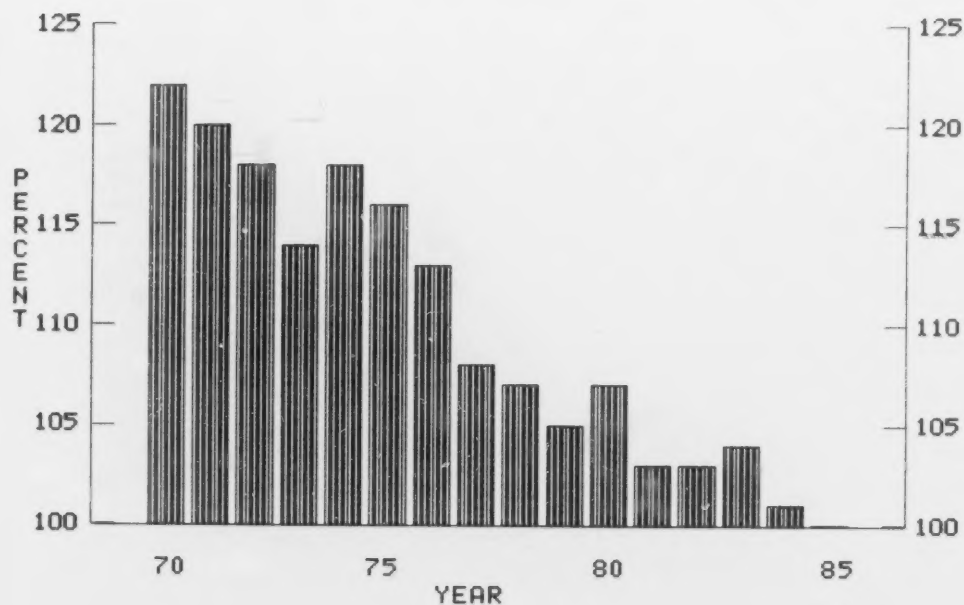


Table 3-1.-- TOTAL PERSONAL AND DISPOSABLE INCOME, FOR
THE UNITED STATES AND HAWAII: 1969 TO 1985

[In millions of dollars]

Year	Total personal income		Disposable income	
	United States	Hawaii	United States	Hawaii
1969	766,649	3,289	651,096	2,754
1970	825,528	3,784	709,957	3,197
1971	888,453	4,074	771,730	3,487
1972	976,071	4,489	834,654	3,790
1973	1,095,076	4,985	943,635	4,216
1974	1,204,070	5,727	1,032,853	4,879
1975	1,307,539	6,184	1,137,411	5,392
1976	1,466,099	6,701	1,247,873	5,807
1977	1,601,844	7,231	1,374,288	6,228
1978	1,806,207	8,054	1,545,709	6,906
1979	2,026,684	9,043	1,722,740	7,718
1980	2,252,021	10,310	1,912,276	8,800
1981	2,512,327	11,068	2,119,926	9,421
1982	2,660,940	11,774	2,252,631	10,243
1983	2,833,184	12,862	2,423,679	11,073
1984	3,101,402	13,690	2,662,815	11,936
1985	3,310,545	14,558	2,825,215	12,607
Percent change from same period in previous year				
1970	7.7	15.1	9.0	16.1
1971	7.6	7.7	8.7	9.1
1972	9.9	10.2	8.2	8.7
1973	12.2	11.0	13.1	11.2
1974	10.0	14.9	9.5	15.7
1975	8.6	8.0	10.1	10.5
1976	12.1	8.4	9.7	7.7
1977	9.3	7.9	10.1	7.2
1978	12.8	11.4	12.5	10.9
1979	12.2	12.3	11.5	11.8
1980	11.1	14.0	11.0	14.0
1981	11.6	7.4	10.9	7.1
1982	5.9	6.4	6.3	8.7
1983	6.5	9.2	7.6	8.1
1984	9.5	6.4	9.9	7.8
1985	6.7	6.3	6.1	5.6

Source: U.S. Department of Commerce, Bureau of
Economic Analysis, printouts dated August 1986.

Table 3-2.-- PER CAPITA PERSONAL AND DISPOSABLE
PERSONAL INCOME, FOR HAWAII: 1969 TO 1985

Year	Per capita personal income (dollars)		Per capita personal income as percent of U.S. average	
	Total	Disposable	Total	Disposable
1969	4,426	3,707	116	115
1970	4,960	4,191	122	120
1971	5,147	4,405	120	118
1972	5,487	4,632	118	116
1973	5,922	5,008	114	112
1974	6,674	5,685	118	117
1975	7,067	6,162	116	117
1976	7,510	6,507	113	113
1977	7,896	6,801	108	109
1978	8,671	7,435	107	107
1979	9,518	8,124	105	106
1980	10,648	9,089	107	108
1981	11,287	9,607	103	104
1982	11,799	10,265	103	106
1983	12,616	10,861	104	105
1984	13,199	11,508	101	102
1985	13,814	11,963	100	101

Source: U.S. Department of Commerce, Bureau of
Economic Analysis, printouts dated August 1986.

Table 3-3.-- MEDIAN INCOME OF HOUSEHOLDS, FAMILIES, UNRELATED INDIVIDUALS, AND PERSONS, IN HAWAII: 1949 TO 1984

[In dollars. Based on surveys made in March or April of following year.]

Year	Households	Families	Unrelated individuals ^{1/}	Persons with income ^{1/}	
				Male	Female
1949	(NA)	3,568	1,583	2,340	1,247
1959	(NA)	6,366	1,998	3,753	1,796
1969	10,675	11,664	2,981	6,528	3,222
1975	15,991	17,770	6,180	9,489	4,082
1979	20,473	22,750	7,097	11,505	6,581
1980	21,666	24,813	8,506	13,533	6,917
1981	22,434	27,499	10,003	13,635	7,069
1982	23,582	27,840	11,068	13,582	8,133
1983	26,805	29,742	12,211	14,903	7,941
1984	28,877	32,831	12,303	16,147	8,548

NA Not available.

^{1/} 14 years old and over through 1975, and 15 years old and over thereafter. Data for 1975 and 1980-1984 exclude persons in military group quarters.

Source: U.S. Bureau of the Census, Census of Population: 1960, General Social and Economic Characteristics, Hawaii, Final Report PC(1)-13C (1962), tables 66 and 67 (for 1949 data); 1970 Census of Population, General and Economic Characteristics, Hawaii, PC(1)-C13 (December 1971), table 47 (for 1959 data); 1980 Census of Population, General Social and Economic Characteristics, Hawaii, PC80-1-C-13 (June 1983), table 61 (for 1969 and 1979 data); "Household Money Income in 1975, by Housing Tenure and Residence, for the United States, Regions, Divisions, and States (Spring 1976 Survey of Income and Education)," Current Population Reports, Consumer Income, Series P-60, No. 108 (November 1977), p. 145; "Money Income and Poverty Status in 1975 of Families and Persons in the United States and the West Region, by Divisions and States (Spring 1976 Survey of Income and Education)," Current Population Reports, Consumer Income, Series P-60, No. 113 (July 1978), pp. 175-177; Current Population Survey (March), annual, 1981 to 1985, machine-readable file, special tabulation by Hawaii State Data Center.

Table 3-4.-- INCOME OF HOUSEHOLDS AND FAMILIES, IN HAWAII:
ANNUAL AVERAGES, 1979 TO 1981 AND 1982 TO 1984

[Data refer to income before taxes, as reported in March survey in following year. Based on a pooled sample of 1,885 households for 1979-1981 and 1,735 households for 1982-1984]

Income	Households		Families	
	1979-1981	1982-1984	1979-1981	1982-1984
Total	308,743	327,403	233,740	247,522
Under \$5,000	23,171	20,902	9,628	9,513
\$5,000 to \$7,499	21,699	15,307	12,403	8,807
\$7,500 to \$9,999	22,854	19,302	13,047	9,843
\$10,000 to \$14,999	37,328	38,121	26,378	26,731
\$15,000 to \$19,999	38,607	32,044	26,160	20,483
\$20,000 to \$24,999	39,396	30,414	30,688	24,461
\$25,000 to \$34,999	58,289	59,227	53,044	49,274
\$35,000 to \$49,999	45,747	62,788	42,013	56,006
\$50,000 to \$74,999	18,925	38,388	17,652	32,791
\$75,000 and over	2,727	10,910	2,727	9,613
Median income (dollars)	21,196	26,343	24,766	30,071

Source: U.S. Bureau of the Census for U.S. Bureau of Labor Statistics, Current Population Survey (March), annual, 1980 to 1985; machine-readable data file, special tabulation by Hawaii State Data Center.

Table 3-5.-- CONSUMER PRICE INDEX, ALL URBAN CONSUMERS (CPI-U) FOR
SELECTED ITEMS, FOR HONOLULU AND THE U.S. CITY AVERAGE: 1981 TO 1986

[1967=100]

Month and year	All items	Food	Hous- ing 1/	Apparel and upkeep	Trans- portation	Medical care
Honolulu:						
1981	252.4	285.8	240.3	193.4	247.1	289.4
1982	267.6	298.8	255.0	201.5	255.6	324.3
1983	273.5	306.7	257.5	207.7	253.7	357.6
1984	284.8	319.7	268.2	205.1	265.7	379.7
1985	294.1	332.2	275.8	203.9	270.9	400.6
1986: February	301.2	335.3	282.1	206.1	279.3	424.6
April ..	299.0	332.5	281.3	205.5	270.1	426.0
June ...	299.2	337.3	278.9	197.4	271.7	428.8
U.S. city avg.:						
1981	272.4	267.3	293.5	186.9	280.0	294.5
1982	289.1	278.2	314.7	191.8	291.5	328.7
1983	298.4	291.7	323.1	196.5	298.4	357.3
1984	311.1	302.9	336.5	200.2	311.7	379.5
1985	322.2	309.8	349.9	206.0	319.9	403.1
1986: February	327.5	315.3	356.5	204.1	319.2	422.3
April ..	325.3	316.1	358.0	207.3	303.3	428.0
June ...	327.9	317.1	361.2	204.5	308.6	432.0
Percent increase (Honolulu):						
1981 to 1982 ..	6.0	4.5	6.1	4.2	3.4	12.1
1982 to 1983 ..	2.2	2.6	1.0	3.1	-0.7	10.3
1983 to 1984 ..	4.1	4.2	4.2	-1.3	4.7	6.2
1984 to 1985 ..	3.3	3.9	2.8	-0.6	2.0	5.5
June	1.9	1.7	0.9	-2.0	0.9	8.7

1/ Change in calculation in 1983 -- housing costs measured in rental
equivalence (what owners would have to pay if they rented their homes).

Source: U.S. Department of Labor, Bureau of Labor Statistics.

4. EMPLOYMENT

The State labor force passed the half-million mark, averaging 501,000 persons, in the second quarter of 1986. Approximately 27,450 persons were unemployed during that period, a rate of 5.5 percent compared to the 7.0 percent rate for the nation. All counties, with the exception of Hawaii County, experienced lower unemployment rates compared to the first quarter.

Wage and salary jobs continue to increase with gains in transportation, services, State government, and diversified agricultural jobs during the second quarter. The total number of jobs increased 1.6 percent during the first half of 1986 compared to the same period last year. Despite the tremendous growth in the value of construction completed and building permits, preliminary estimates of construction jobs show no significant increases. Forecasts for 1986, however, indicate that construction employment will experience substantial gains.

Figure 4-1

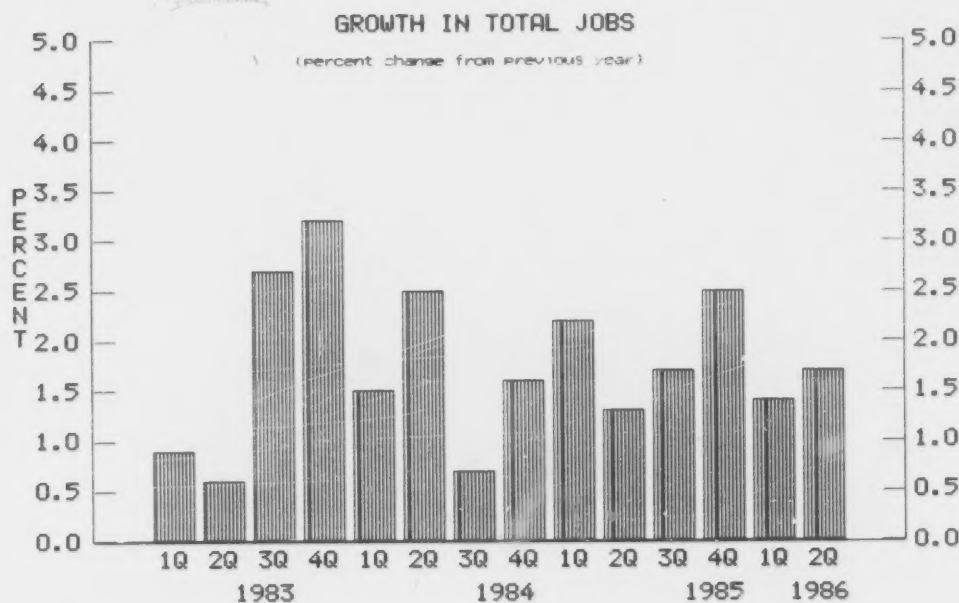


Table 4-1.-- TOTAL JOBS, HAWAII: 1980 TO 1986

Year	Total jobs 1/	Nonagriculture			Agriculture			Labor disputes
		Total	Wage & salary	Self-employed	Total	Wage & salary	Self-employed	
1980	448,150	432,400	404,100	28,300	15,250	10,650	4,600	500
1981	449,900	433,950	404,800	29,150	15,900	11,550	4,350	50
1982	446,050	430,700	399,400	31,300	15,250	11,300	3,950	100
1983	453,750	438,500	406,200	32,300	15,100	11,200	3,900	150
1984	461,000	446,100	412,650	33,450	14,450	10,800	3,650	450
1985	470,000	456,100	423,100	32,900	13,900	10,400	3,500	100
1985:								
1st Q ...	466,400	453,000	420,450	32,550	13,150	9,800	3,350	250
2nd Q ...	469,450	455,400	422,950	32,450	13,900	10,500	3,400	150
3rd Q ...	469,000	454,000	422,200	31,800	15,000	11,250	3,750	-
4th Q ...	475,400	461,750	426,900	34,850	13,600	10,150	3,450	50
1986 (p):								
1st Q ..	473,150	459,850	427,650	32,200	13,250	10,150	3,050	50
2nd Q ..	477,450	463,200	429,450	33,750	14,200	11,300	2,900	50
Percent change from the same period in previous year								
1980	3.2	3.4	2.6	16.2	1.0	0.5	2.2	-28.6
1981	0.3	0.4	-0.2	3.0	2.9	6.5	-5.4	-90.0
1982	-0.9	-0.7	-1.3	7.4	-3.8	-1.7	-9.2	100.0
1983	1.7	1.8	1.7	3.2	-1.3	-0.9	-1.3	50.0
1984	2.0	2.2	1.6	9.9	-4.0	-3.6	-6.4	211.1
1985	2.0	2.2	2.5	-1.6	-3.8	-3.7	-4.1	-77.8
1985:								
1st Q ...	2.2	2.3	2.6	-1.2	-7.5	-5.2	-13.5	66.7
2nd Q ...	1.3	1.5	2.0	-5.0	-8.2	-5.9	-15.3	(X)
3rd Q ...	1.7	2.0	2.6	-6.3	-11.0	-8.4	-19.2	0.0
4th Q ...	2.5	3.0	2.7	6.3	-2.9	-4.2	1.5	-96.3
1986 (p):								
1st Q ...	1.4	1.5	1.7	-1.1	0.8	3.6	-8.5	-78.6
2nd Q ...	1.7	1.7	1.5	4.0	2.2	7.3	-14.6	-66.7

p Preliminary.

X Not calculated -- data in base period equaled zero.

1/ Total of wage and salary jobs and self-employed in agricultural and nonagricultural industries plus those jobs involved in labor disputes.

Source: Hawaii State Department of Labor and Industrial Relations.

Table 4-2.-- NUMBER OF JOBS, BY INDUSTRY, HAWAII: 1986

Series	January to June	2nd Q	Percent change from previous year	
			January to June	2nd Q
Total jobs 1/	475,350	477,450	1.6	1.7
Nonagricultural (wage & salary) .	428,550	429,450	1.6	1.5
Construction	16,650	16,500	1.2	-2.6
Manufacturing	21,800	22,100	0.5	0.8
Food processing	9,800	10,100	-1.9	2.4
Transp., commun., utilities ...	34,150	34,150	3.7	2.9
Trade	116,600	116,700	1.5	1.1
Wholesale	19,600	19,650	1.2	0.7
Retail	97,000	97,050	1.6	1.1
Finance, insur., & real estate	32,350	32,550	1.5	1.9
Services	112,350	112,700	2.0	2.8
Hotels	27,800	27,950	-2.3	0.8
Government	94,650	94,750	1.0	1.0
Federal	32,000	31,900	-0.9	-0.5
State	50,000	50,150	2.7	2.7
Local	12,600	12,650	-0.4	0.1
Agriculture (wage & salary)	10,750	11,350	5.5	7.3
Sugar	4,000	4,050	-0.4	-0.8
Pineapple	1,950	2,150	2.7	-1.5
Diversified agriculture	4,800	5,050	12.5	19.7
Nonagricultural self-employed 2/	33,000	33,750	1.5	4.0
Agricultural self-employed 2/ ...	3,000	2,900	-11.6	-14.6
Labor disputes	50	50	-75.0	66.7

1/ Total of nonagricultural and agricultural wage and salary, self-employed, and jobs involved in labor disputes.

2/ Self-employed includes unpaid family workers and domestics.

Source: Hawaii State Department of Labor and Industrial Relations.

Table 4-3.-- NON-AGRICULTURAL WAGE AND SALARY JOBS, BY COUNTY:
1980 TO 1986

Year	State	City & County of Honolulu	Hawaii County	Kauai County	Mau County
1980	404,100	333,050	28,450	15,150	27,500
1981	404,800	332,300	28,850	15,200	28,450
1982	399,400	325,700	28,700	15,150	29,900
1983	406,200	330,100	29,350	15,700	31,050
1984	412,650	334,400	30,400	15,700	32,150
1985	423,100	340,800	32,000	16,250	34,100
1985:					
1st Q	420,450	337,700	32,100	16,350	34,250
2nd Q	422,950	341,100	31,750	16,100	34,000
3rd Q	422,200	340,100	31,950	16,200	33,950
4th Q	426,900	344,200	32,150	16,350	34,200
1986 (p):					
1st Q	427,650	344,950	32,400	16,400	33,900
2nd Q	429,450	346,000	32,350	16,850	34,250
Percent change from same period in previous year					
1980	2.2	2.2	2.9	6.1	4.0
1981	-0.2	-0.2	1.4	0.6	3.5
1982	-1.3	-2.0	-0.4	-0.3	5.1
1983	1.7	1.4	2.3	3.6	3.8
1984	1.6	1.3	3.6	0.0	3.5
1985	2.5	1.9	5.3	3.5	6.1
1985:					
1st Q	2.6	1.4	7.4	4.8	9.1
2nd Q	2.0	1.4	5.0	1.9	5.9
3rd Q	2.6	2.6	4.2	2.5	4.6
4th Q	2.7	2.3	4.0	4.1	4.6
1986 (p):					
1st Q	1.7	2.1	0.8	0.2	-1.0
2nd Q	1.5	1.4	2.0	4.8	0.7

p Preliminary.

Source: Hawaii State Department of Labor and Industrial
Relations.

Table 4-4.-- CIVILIAN LABOR FORCE AND EMPLOYMENT, BY COUNTY:
1980 TO 1986

[Number of persons]

Subject and year	State	City and County of Honolulu	Hawaii County	Kauai County	Maui County
Civilian labor force:					
1980	440,000	338,350	43,550	19,550	37,550
1981	451,000	345,700	45,450	20,100	39,800
1982	461,000	350,100	47,200	20,850	42,900
1983	472,000	357,150	48,350	21,650	44,850
1984	472,000	357,100	48,650	21,300	44,950
1985	481,000	361,800	50,600	21,800	46,850
1985: 1st Q	477,650	358,600	50,500	21,800	46,750
2nd Q	481,250	362,450	50,300	21,650	46,850
3rd Q	481,050	361,100	50,950	21,850	47,150
4th Q	484,050	364,950	50,600	21,850	46,650
1986: 1st Q	488,050	368,100	51,100	22,100	46,750
2nd Q	501,000	376,700	53,050	23,200	48,100
Civilian employment:					
1980	418,000	322,800	40,850	18,700	35,650
1981	427,000	328,500	42,150	18,900	37,450
1982	430,000	330,550	41,050	19,550	38,850
1983	442,000	336,550	44,050	20,000	41,450
1984	445,000	338,050	44,900	19,800	42,250
1985	454,000	343,300	46,300	20,300	44,100
1985: 1st Q	450,650	340,050	46,350	20,300	43,950
2nd Q	453,000	343,100	45,650	20,050	44,150
3rd Q	453,450	342,350	46,500	20,300	44,300
4th Q	458,900	347,750	46,750	20,500	43,900
1986: 1st Q	460,050	349,600	46,700	20,300	43,500
2nd Q	473,550	358,500	48,200	21,600	45,250

Source: Hawaii State Department of Labor and Industrial Relations.

Table 4-5.-- CIVILIAN UNEMPLOYED AND UNEMPLOYMENT RATE, BY COUNTY:
1980 TO 1986

Subject and year	State	City and County of Honolulu	Hawaii County	Kauai County	Maui County
Civilian unemployed (persons):					
1980	21,000	15,550	2,700	850	1,900
1981	24,000	17,150	3,300	1,150	2,350
1982	31,000	21,500	4,500	1,700	3,300
1983	30,000	20,600	4,300	1,650	3,400
1984	27,000	19,100	3,750	1,500	2,700
1985	27,000	18,500	4,300	1,500	2,750
1985: 1st Q	27,000	18,550	4,150	1,450	2,800
2nd Q	28,250	19,350	4,650	1,600	2,700
3rd Q	27,600	18,750	4,450	1,550	2,850
4th Q	25,150	17,250	3,850	1,350	2,700
1986: 1st Q	27,950	18,500	4,400	1,800	3,250
2nd Q	27,450	18,150	4,850	1,600	2,850
Unemployment rate (percent):					
1980	4.9	4.6	6.2	4.3	5.1
1981	5.4	5.0	7.3	5.8	5.9
1982	6.7	6.1	9.5	8.1	7.7
1983	6.5	5.8	8.9	7.7	7.6
1984	5.6	5.3	7.7	7.0	6.0
1985	5.6	5.1	8.5	6.8	5.9
1985: 1st Q	5.6	5.2	8.2	6.7	6.0
2nd Q	5.9	5.3	9.2	7.4	5.7
3rd Q	5.7	5.2	8.7	7.1	6.0
4th Q	5.2	4.7	7.6	6.2	5.8
1986: 1st Q	5.7	5.0	8.6	8.2	7.0
2nd Q	5.5	4.8	9.1	6.9	5.9

Source: Hawaii State Department of Labor and Industrial Relations.

5. INDUSTRIAL ACTIVITIES

Business activity, measured by transactions subject to State excise and use taxes, increased 5.9 percent for the first six months of 1986 from the same period last year. Retailing and service sectors continue to post hefty gains due in part to the growth in visitor arrivals. Hotel rentals, however, increased only 2.6 percent for the first six months because of the drop in hotel units.

Defense expenditures, the second largest source of income following tourism, experienced large reductions during the second quarter compared to the previous year, especially for purchases of goods and services. Expenditures during the second quarter of 1985 were unusually high because of a backlog of construction projects due to strikes and the installation of a large computer network system by the Army. The 1986 expenditures, therefore, may reflect a return to normal purchasing patterns by the military.

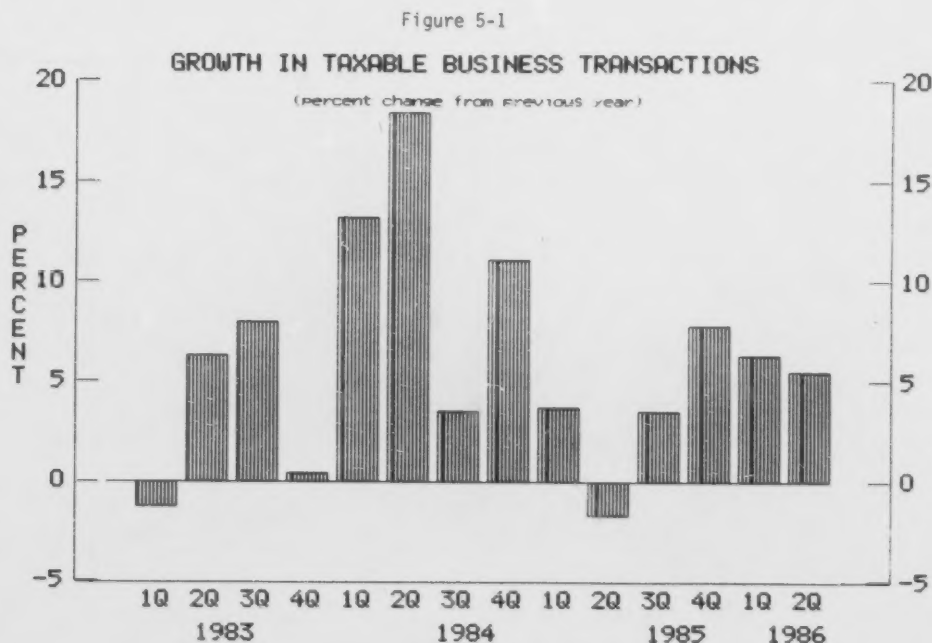


Table 5-1.-- VALUE OF BUSINESS TRANSACTIONS SUBJECT TO
STATE EXCISE AND USE TAX: 1980 TO 1986

[Millions of dollars]

Year	Total taxable trans- actions	Selected industry transactions				
		Retailing	Services	Hotel rental	Diversified agriculture	Manu- facturing
1980	18,966.2	6,075.5	1,750.1	720.7	141.3	620.1
1981	20,903.8	6,690.7	1,792.1	759.4	173.3	615.9
1982	20,722.1	7,043.6	1,976.2	875.5	176.8	544.3
1983	21,416.8	7,458.8	2,128.5	858.2	221.6	502.3
1984	23,879.9	8,182.7	2,396.1	1,008.6	257.6	530.1
1985	24,630.3	8,605.2	2,529.7	1,153.4	251.6	538.3
1986 (Jan-June)	13,183.8	4,704.9	1,360.5	643.3	126.3	282.7
1985: 1st Q .	6,036.5	2,098.4	590.2	337.2	70.8	111.8
2nd Q .	6,414.8	2,239.9	669.8	289.6	64.5	144.3
3rd Q .	6,007.0	2,094.0	625.0	276.1	56.3	140.3
4th Q .	6,172.0	2,172.9	644.7	250.5	60.0	141.8
1986: 1st Q .	6,416.5	2,301.8	653.6	280.9	64.3	130.4
2nd Q .	6,767.3	2,403.1	706.9	362.4	62.0	152.3
Percent change from same period in previous year						
1981	10.2	10.1	2.4	5.4	22.6	-0.7
1982	3.4	5.3	10.3	15.3	2.0	-11.6
1983	-0.9	5.9	7.7	-2.0	25.3	-7.7
1984	11.5	9.7	12.6	17.5	16.2	5.5
1985	3.1	5.2	5.6	14.4	-2.4	1.5
1986 (Jan-June)	5.9	8.5	8.0	2.6	-6.7	10.4
1985: 1st Q .	3.7	5.9	8.3	40.7	17.9	-11.4
2nd Q .	-1.7	2.7	1.2	-9.1	-6.9	-25.5
3rd Q .	3.5	4.8	3.0	16.4	-4.1	7.5
4th Q .	7.8	7.5	12.6	17.6	-13.7	18.1
1986: 1st Q .	6.3	9.7	10.7	-16.7	-9.1	16.6
2nd Q .	5.5	7.3	5.5	25.1	-4.0	5.5

Note: This series derived by lagging reported excise tax base data one month to adjust for reporting delay.

Source: Hawaii State Department of Planning and Economic Development based on raw data from Hawaii State Department of Taxation.

Table 5-2.-- COLLECTIONS OF KEY STATE TAXES AND GENERAL FUND
TAX REVENUES: CALENDAR YEARS 1982 TO 1986

[Thousands of dollars]

Year	General excise and use tax	Net individual income tax 1/	Net corporate income tax 2/	Tax revenues distributed to State General Fund 3/
1982	574,590	296,757	34,785	1,011,465
1983	615,536	358,072	27,960	1,109,876
1984	669,805	413,885	39,681	1,240,352
1985	707,380	450,559	44,074	1,325,791
1986 (Jan-June).	392,068	225,515	24,940	740,299
1985: 1st Q	174,054	108,567	7,522	315,085
2nd Q	178,697	100,301	21,903	344,413
3rd Q	176,769	125,692	11,552	344,675
4th Q	177,860	115,999	3,097	321,618
1986: 1st Q	192,020	125,668	7,783	347,122
2nd Q	200,048	99,847	17,157	393,177
Percent change from corresponding period in previous year				
1982	-0.1	-15.1	-20.2	-5.5
1983	7.1	20.7	-19.6	9.7
1984	8.8	15.6	41.9	11.8
1985	5.6	8.9	11.1	6.9
1986 (Jan-June).	11.1	8.0	-15.2	12.3
1985: 1st Q	5.4	-3.2	-21.6	7.4
2nd Q	2.8	23.3	49.2	9.8
3rd Q	6.7	12.3	10.7	8.6
4th Q	7.6	7.0	-37.7	1.8
1986: 1st Q	10.3	15.8	3.5	10.2
2nd Q	11.9	-0.5	-21.7	14.2

Note: This series represents data as reported by the Department of Taxation, without adjustment.

1/ Declaration of estimated taxes, plus payments with returns, plus withholding tax on wages, less refunds.

2/ Declaration of estimated taxes, plus payments with returns, less refunds.

3/ Excludes non-tax sources.

Source: Hawaii State Department of Taxation.

Table 5-3.-- DEFENSE EXPENDITURES IN HAWAII, BY SERVICE:
1980 TO 1986

[Millions of dollars]

Year or quarter	Total	Navy and Marine ^{1/}	Army	Air Force	Coast Guard
1980	1,317.4	711.3	441.8	141.7	22.7
1981	1,449.3	770.4	493.8	158.3	26.7
1982	1,693.4	878.2	611.5	173.7	29.9
1983	1,848.2	935.9	702.7	182.6	27.0
1984	1,867.2	948.2	685.2	207.6	26.2
1985	1,965.4	955.3	780.4	201.0	28.7
1985: 1st Q ..	465.8	226.1	180.0	52.9	6.9
2nd Q ..	538.6	253.3	225.4	52.4	7.5
3rd Q ..	477.8	227.2	191.4	52.3	6.9
4th Q ..	483.2	248.7	183.6	43.5	7.5
1986: 1st Q ..	453.1	221.1	176.1	48.9	7.1
2nd Q ..	NA	229.1	159.5	NA	8.1
Percent change from corresponding quarter in previous year					
1980	7.8	11.0	2.8	9.6	2.7
1981	10.0	8.3	11.8	11.7	17.6
1982	16.8	14.0	23.8	9.7	12.0
1983	9.1	6.6	14.9	5.1	-9.7
1984	1.0	1.3	-2.5	13.7	-2.7
1985	5.3	0.7	13.9	-3.1	9.6
1985: 1st Q ..	1.0	-4.8	10.3	-2.1	3.9
2nd Q ..	16.2	7.3	33.0	2.0	13.7
3rd Q ..	3.9	-4.1	15.4	2.8	13.1
4th Q ..	0.1	4.6	-1.7	-15.2	8.5
1986: 1st Q ..	-2.7	-2.2	-2.2	-7.6	3.8
2nd Q ..	NA	-9.6	-29.2	NA	7.6

^{1/} Since December 1985, Navy data partly estimated due to change in reporting method.

Note: Data include all appropriated expenditures for military and civilian payrolls, services, supplies and construction. Excludes R&R expenditures, dependent allotments, retired military pay and non-appropriated funds for exchanges, clubs, special services, etc.

Source: Quarterly reports from armed forces, compiled by DPED.

Table 5-4.-- VALUE OF PROCESSED SUGAR AND CANNED PINEAPPLE
SUBJECT TO STATE EXCISE TAX: 1980 TO 1986

Year	Value of shipments <u>1/</u> (millions of dollars)		Percent change from same period in previous year	
	Sugar processing <u>2/</u>	Pineapple canning <u>3/</u>	Sugar processing	Pineapple canning
1980	545.3	190.9	85.4	9.6
1981	392.5	169.8	-28.0	-11.1
1982	336.3	189.3	-14.3	11.5
1983	421.5	174.2	25.3	-8.0
1984	427.2	213.3	1.4	22.4
1985	355.7	100.1	-16.7	-53.1
1984:				
1st Q	90.1	53.6	-14.9	64.4
2nd Q	114.4	47.8	14.5	18.3
3rd Q	131.0	52.5	-3.8	3.0
4th Q	91.7	59.5	15.4	18.4
1985:				
1st Q	84.6	35.4	-6.1	-34.0
2nd Q	87.5	32.7	-23.5	-31.5
3rd Q	107.3	15.8	-18.3	(NC)
4th Q	76.3	16.1	-16.8	(NC)
1986:				
1st Q	102.7	16.3	21.5	(NC)
2nd Q	65.8	NA	-24.8	(NC)

NA Not available.

Note: These data are compiled for excise tax purposes and, for various reasons, differ from annual figures in table 8-1, prepared by the Hawaii State Department of Agriculture. These are, however, the only data related to the value of sugar and pineapple that are available on a monthly or quarterly basis.

NC Not comparable.

1/ Processed sugar and canned pineapple are taxed at the time the products leave factory inventories rather than at the time of actual sale.

2/ Includes value of molasses.

3/ Since August 1, 1985, excludes a major portion of the value of exported pineapple canning.

Source: Hawaii State Department of Taxation.

6. THE VISITOR INDUSTRY

Visitor arrivals for the first six months of 1986 numbered 2.8 million, a sizeable increase over the same period last year when the United Airlines strike caused a nine percent drop in the westbound visitor traffic in the second quarter. The recovery in the visitor industry is especially evident in the Neighbor Islands. Kauai continues to outpace the other counties in the growth of westbound visitors, with a 24 percent increase for the first half of this year.

According to statistics by the Hawaii Visitors Bureau, the hotel unit inventory in 1986 decreased to 43,309 while the number of condominiums units for visitor use has risen to nearly 23,000. For the Neighbor Islands, condominium units now nearly equal the number of hotel rooms (table 6-4).

The occupancy rates for hotels and condominiums continue to improve, averaging over 80 percent this year. Room rates also continue to increase, with the highest average daily rate over \$118 on Maui.

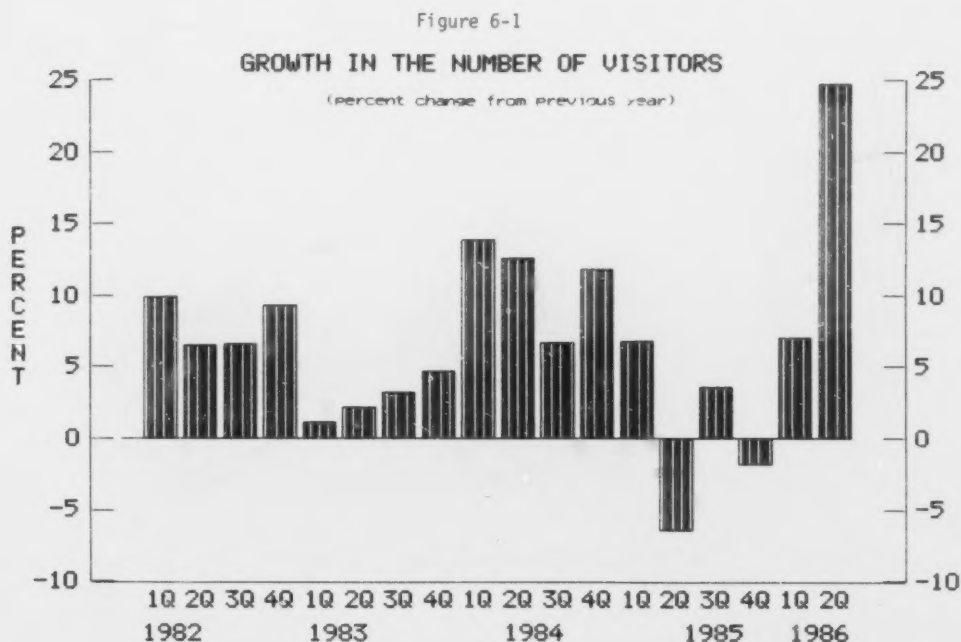


Table 6-1.-- VISITOR ARRIVALS AND AVERAGE DAILY VISITOR CENSUS, HAWAII:
1980 TO 1986

Year 1/	Visitors staying overnight or longer			Average daily visitor census	
	Total	Westbound 2/	Eastbound 3/	Westbound 2/	All
1980	3,934,504	3,046,132	888,372	86,788	96,497
1981	3,934,623	2,974,791	959,832	85,449	95,968
1982	4,242,925	3,278,525	964,400	94,740	105,310
1983	4,368,105	3,396,115	971,990	97,390	108,040
1984	4,855,580	3,721,380	1,134,200	106,260	118,660
1985	4,884,110	3,708,610	1,175,500	103,820	116,700
1986 (Jan-June)	2,802,620	2,178,180	624,440	122,540	138,070
1985: 1st Q ...	1,301,480	1,011,810	289,670	119,790	132,660
2nd Q ...	1,129,550	840,150	289,400	89,510	102,230
3rd Q ...	1,266,910	957,790	309,120	103,620	117,060
4th Q ...	1,186,170	898,860	287,310	101,000	113,490
1986: 1st Q ...	1,393,170	1,087,640	305,530	127,060	142,340
2nd Q ...	1,409,450	1,090,540	318,910	118,070	133,840
Percent change from corresponding period in previous year					
1980	-0.7	-3.0	8.2	-3.2	-2.2
1981	0.0	-2.3	8.0	-1.5	-0.5
1982	7.8	10.2	0.5	10.9	9.7
1983	3.0	3.6	0.8	2.8	2.6
1984	11.2	9.6	16.7	9.1	9.8
1985	0.6	-0.3	3.6	-2.3	-1.7
1986 (Jan-June)	15.3	17.6	7.8	13.6	13.0
1985: 1st Q ...	6.8	6.0	9.6	2.7	3.6
2nd Q ...	-6.4	-9.0	2.0	-12.4	-11.1
3rd Q ...	3.6	3.8	3.0	0.3	0.6
4th Q ...	-1.8	-2.4	0.4	-1.9	-1.2
1986: 1st Q ...	7.0	7.5	5.5	6.1	7.3
2nd Q ...	24.8	29.8	10.2	31.9	30.9

1/ Beginning in 1984, sample size reduced from 20 to 10 percent and numbers rounded to the nearest 10.

2/ Arriving from the Mainland United States or Canada.

3/ Arriving from the Orient and Pacific areas.

Source: Hawaii Visitors Bureau.

Table 6-2.-- WESTBOUND VISITORS, BY COUNTY: 1981 TO 1986

Year ^{1/}	City and County of Honolulu	Hawaii County	Maui County	Kauai County
1981	2,398,477	672,683	1,389,892	757,811
1982	2,589,190	678,170	1,550,080	733,295
1983	2,591,575	712,380	1,644,605	691,940
1984	2,901,320	760,940	1,854,690	814,590
1985	2,828,640	697,380	1,831,110	832,580
1986 (Jan-June)	1,594,470	404,140	1,031,720	508,410
1985: 1st Q	746,460	204,500	518,510	223,240
2nd Q	648,180	147,090	418,860	186,830
3rd Q	755,000	173,680	466,040	220,530
4th Q	679,000	172,110	427,700	201,980
1986: 1st Q	787,470	214,240	514,130	247,160
2nd Q	807,000	189,900	517,590	261,250
Percent change from corresponding period in previous year				
1982	8.0	0.8	11.5	-3.2
1983	0.1	5.0	6.1	-5.6
1984	12.0	6.8	12.8	17.7
1985	-2.5	-8.4	-1.3	2.2
1986 (Jan-June)	14.3	14.9	10.1	24.0
1985: 1st Q	2.8	-4.5	6.8	8.5
2nd Q	-10.2	-18.3	-10.5	-7.4
3rd Q	2.4	-4.9	2.5	7.3
4th Q	-5.2	-6.5	-4.2	0.2
1986: 1st Q	5.5	4.8	-0.8	10.7
2nd Q	24.5	29.1	23.6	39.8

^{1/} Data prior to 1981 are not comparable to later figures due to revisions. Beginning in 1984, sample size changed from 20 to 10 percent.
Source: Hawaii Visitors Bureau.

Table 6-3.-- HOTEL OCCUPANCY RATES, BY AREA: 1980 TO 1986

[Percent; survey excludes some large hotel chains]

Date	State	Oahu	Hawaii Island	Maui Island	Kauai Island
Annual average:					
1980	69.3	72.3	52.7	66.2	69.6
1981	68.2	74.1	44.9	70.3	62.7
1982	70.4	77.8	44.0	73.9	57.5
1983	70.3	75.8	46.3	75.2	57.2
1984	76.0	81.2	55.6	80.5	63.0
1985	76.1	81.5	57.6	78.5	64.8
1986 (Jan-June)	82.7	86.2	64.2	85.9	79.2
1985:					
January	84.4	91.9	64.0	83.4	66.6
February	92.8	95.3	83.3	95.5	85.4
March	87.1	89.5	71.7	91.3	84.4
April	73.7	75.1	56.4	83.6	66.3
May	67.6	70.5	46.3	76.7	59.0
June	66.0	75.6	38.9	64.3	51.5
July	75.9	84.9	53.8	72.1	63.5
August	81.4	86.7	62.6	83.8	70.2
September	67.6	75.1	45.3	70.2	58.2
October	74.3	77.8	60.4	78.8	63.0
November	75.9	81.4	59.1	78.3	61.7
December	67.4	75.1	50.8	66.3	50.0
1986:					
January	81.8	84.1	68.3	83.1	84.0
February	92.6	95.5	81.8	92.3	91.3
March	86.5	89.9	69.0	90.5	81.2
April	80.7	82.4	60.7	90.2	76.4
May	77.5	79.9	55.6	83.5	80.0
June	78.0	86.4	51.4	77.9	66.8

NA Not available.

Source: Pannell Kerr Forster & Company, Trends in the Hotel Industry, Hawaii.

Table 6-4.-- VISITOR ACCOMMODATIONS IN HAWAII, BY TYPE: 1976 TO 1986

[As of February]

Year and island	Properties			Units		
	Total	Hotels <u>1/</u>	Condo-miniums <u>2/</u>	Total	Hotels <u>1/</u>	Condo-miniums <u>2/</u>
1976	314	(NA)	(NA)	42,648	(NA)	(NA)
1977	335	(NA)	(NA)	44,986	39,901	5,085
1978	353	(NA)	(NA)	47,070	40,001	7,069
1979	381	(NA)	(NA)	49,832	41,299	8,533
1980	387	(NA)	(NA)	54,246	42,609	11,637
1981	412	214	198	56,769	42,575	14,194
1982	417	208	209	57,968	43,568	14,400
1983	426	218	208	58,765	45,352	13,413
1984	443	209	234	62,448	44,846	17,602
1985	481	207	274	65,919	44,115	21,804
1986	523	201	322	66,308	43,309	22,999
ISLANDS:						
1986						
Oahu	207	105	102	39,010	29,172	9,838
Waikiki <u>3/</u>	177	88	89	34,650	25,920	8,730
Rest of Oahu	30	17	13	4,360	3,252	1,108
Other islands	316	96	220	27,298	14,137	13,161
Hawaii	81	31	50	7,280	5,228	2,052
Kauai	77	29	48	5,922	3,348	2,574
Maui	150	33	117	13,451	5,231	8,220
Molokai	7	2	5	635	320	315
Lanai	1	1	-	10	10	-

NA Not available.

1/ Hotels, apartment hotels, motels, and cottages. Excludes condominium properties.2/ Condominium accommodations in rental pools for transient use.3/ Includes Diamond Head and Kahala but not areas ewa and mauka (west and north) of the Ala Wai Canal. The 88 hotel properties include 61 hotels (with 24,733 units), 26 apartment hotels (with 1,175 units), and 1 cottage facility (with 12 units).Source: Hawaii Visitors Bureau, Visitor Plant Inventory, 1976 to 1986.

Table 6-5.-- AVERAGE DAILY HOTEL ROOM RATES, BY ISLANDS:
1970 TO 1986

[Dollars]

Year	State	Oahu	Hawaii	Maui	Kauai
1970	25.74	(NA)	(NA)	(NA)	(NA)
1975	29.75	(NA)	(NA)	(NA)	(NA)
1976	29.54	26.70	30.52	37.61	34.51
1977	34.28	31.87	33.08	42.59	38.45
1978	38.56	35.90	36.70	47.86	42.25
1979	44.40	41.42	41.44	57.15	47.75
1980	47.37	42.70	46.40	61.34	55.16
1981	49.87	43.16	47.16	73.44	56.06
1982	51.78	44.80	47.37	75.02	58.48
1983	55.58	47.62	50.49	81.60	59.75
1984	59.25	49.45	57.17	88.89	65.05
1985	68.84	57.70	64.06	98.51	70.06
1986: (Jan-June)	78.25	63.91	76.72	118.88	72.52
Percent change from previous year					
1976	-0.7	NA	NA	NA	NA
1977	16.1	19.4	8.4	13.2	11.4
1978	12.5	12.7	10.9	12.4	9.9
1979	15.2	15.4	12.9	19.4	13.0
1980	6.7	3.1	12.0	7.3	15.5
1981	5.2	1.1	1.6	19.7	1.6
1982	3.8	3.8	0.4	2.2	4.3
1983	7.4	6.3	6.6	8.8	2.2
1984	6.6	3.8	13.2	8.9	8.9
1985	16.2	16.7	12.1	10.8	7.7
1986: (Jan-June)	11.9	9.4	16.5	13.6	1.2

NA Not available.

Source: Pannell Kerr Forster & Company, Trends in the Hotel Industry, Hawaii.

7. CONSTRUCTION

Hawaii's construction industry is continuing its recovery through the second quarter of 1986. Private permit authorizations (excluding Maui County) in these three months rose an overall 42.3 percent over the same period last year. Construction receipts in April and May were 41.0 percent more than income reported in the same months of 1985. The value of public construction contracts doubled (118.2 percent increase) last year's second quarter tally. However, preliminary estimates do not indicate corresponding increases in construction employment, with a 2.6 percent decline in the second quarter's employment over the same period of 1985.

During the second quarter of 1986, work on the Waikoloa Beach Resort of the Big Island was authorized. Major public water and sewerage projects were contracted at this time, as well as ongoing airports expansion work and a police training facility in Waipahu.

Figure 7-1

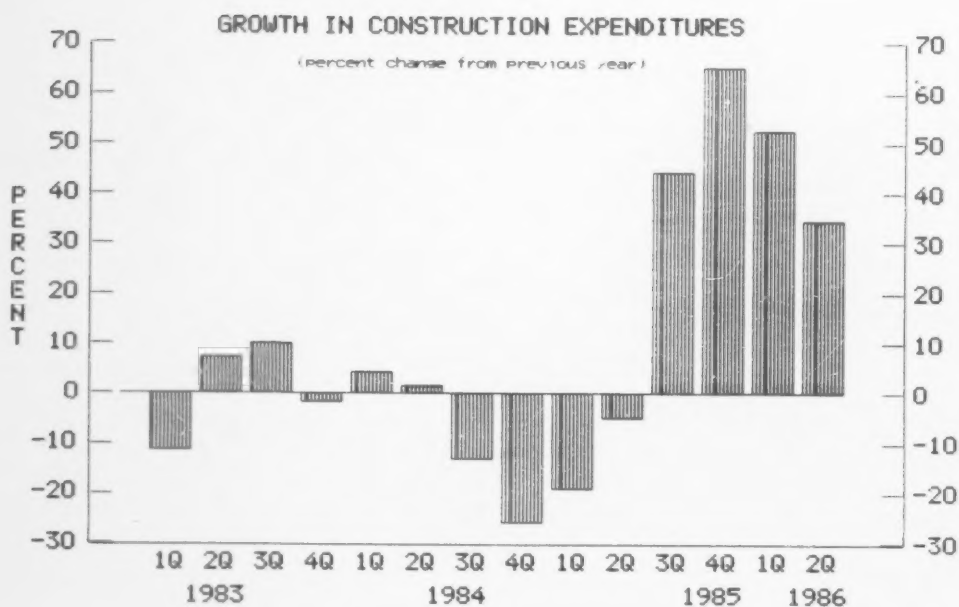


Table 7-1.-- ESTIMATED VALUE OF COMPLETED CONSTRUCTION, NEW PRIVATE BUILDING AUTHORIZATIONS, AND GOVERNMENT CONTRACTS AWARDED, HAWAII: 1980 TO 1986

[Millions of dollars]

Year	Value of construction completed 1/	Private building authorizations				Government contracts awarded
		Total private authorization	Residential	Commercial and industrial 2/	Additions and alterations	
1980	1,569.7	1,219.2	680.2	331.5	207.5	230.6
1981	1,584.7	802.0	398.3	240.8	162.9	427.5
1982	1,323.9	683.1	299.2	242.9	141.1	392.7
1983	1,334.2	685.2	296.2	203.2	185.9	277.9
1984	1,227.2	581.5	327.8	104.0	149.8	411.8
1985	1,429.6	889.0	500.1	208.8	180.1	248.5
1986(Jan-June)3/	877.2	402.5	185.5	126.4	90.5	190.9
1985: 1st Q ..	268.6	196.1	130.0	30.1	35.9	52.1
2nd Q ..	347.4	226.9	158.3	25.4	43.1	51.4
3rd Q ..	428.7	219.5	120.6	52.4	46.6	65.3
4th Q ..	384.8	246.5	91.1	100.9	54.5	79.7
1986: 1st Q 3/	409.5	214.9	105.4	65.4	44.0	78.7
2nd Q 3/	467.6	187.6	80.1	61.0	46.5	112.2
Percent change from corresponding period in previous year						
1980	16.9	39.4	27.1	53.8	67.2	-40.7
1981	1.0	-34.2	-41.4	-27.4	-21.5	85.4
1982	-16.5	-14.8	-24.9	0.9	-13.4	-8.1
1983	0.8	0.3	-1.0	-16.3	31.8	-29.2
1984	-8.0	-15.1	9.6	-52.0	-20.3	48.2
1985	16.5	52.9	52.6	100.8	20.2	-39.6
1986(Jan-June)3/	42.4	29.2	-3.0	157.5	26.8	84.4
1985: 1st Q ..	-19.1	34.5	72.3	-6.7	-5.4	-20.9
2nd Q ..	-4.8	44.1	71.0	-14.7	23.4	-58.8
3rd Q ..	44.2	61.4	65.2	116.5	19.8	-22.4
4th Q ..	65.2	73.3	5.1	422.8	50.6	-41.8
1986: 1st Q 3/	52.4	19.5	-12.1	140.9	34.8	51.0
2nd Q 3/	34.6	42.3	86.6	179.2	20.3	118.4

1/ Value of construction subject to State excise tax. Tax data adjusted to reflect reporting delay of about one month.

2/ Includes hotels.

3/ Excludes Maui County building authorizations. Percent computations based on comparable periods and coverage.

Source: Hawaii State Department of Taxation; County building departments; Trade Publishing Co., Building Industry Digest; BID Service Weekly; and First Hawaiian Bank.

Table 7-2.-- ESTIMATED VALUE OF PRIVATE BUILDING CONSTRUCTION
AUTHORIZATIONS, BY COUNTY: 1980 TO 1986

[Millions of dollars]

Year	State	City and County of Honolulu	Hawaii County	Kauai County	Maui County
1980	1,219.2	686.3	146.0	133.3	253.7
1981	802.0	454.1	136.5	67.7	143.7
1982	683.1	473.0	75.2	44.2	90.7
1983	685.2	366.8	86.7	140.5	91.3
1984	581.5	378.3	90.3	53.0	59.8
1985	889.0	524.8	121.3	63.9	178.9
1986 (Jan-June) 1/	402.5	264.1	80.3	58.1	(NA)
1985: 1st Q ..	196.1	119.2	46.0	14.6	16.3
2nd Q ..	226.9	96.8	19.9	15.2	95.1
3rd Q ..	219.5	138.3	31.2	18.9	31.1
4th Q ..	246.5	170.6	24.2	15.2	36.5
1986: 1st Q 1/	214.9	150.9	21.9	42.1	(NA)
2nd Q 1/	187.6	113.2	58.4	16.0	(NA)
Percent change from corresponding period in previous year					
1980	39.4	36.9	30.1	17.1	72.0
1981	-34.2	-33.8	-6.5	-49.2	-43.4
1982	-14.8	4.2	-44.9	-34.7	-35.0
1983	0.3	-22.4	15.3	217.5	0.6
1984	-15.1	3.1	4.3	-62.3	-34.4
1985	52.9	38.7	34.3	20.5	199.0
1986 (Jan-June) 1/	29.2	22.2	21.9	95.0	(NA)
1985: 1st Q ..	33.2	32.3	94.5	-9.5	2.4
2nd Q ..	44.1	-14.9	8.3	33.6	578.4
3rd Q ..	61.4	56.6	45.1	28.0	86.2
4th Q ..	73.3	86.5	-9.8	42.3	176.1
1986: 1st Q 1/	19.5	26.6	-52.4	188.4	-
2nd Q 1/	42.3	16.9	193.5	5.3	-

1/ Excludes Maui County building authorizations.

NA Not available.

Source: County building departments.

Table 7-3.-- ESTIMATED VALUE OF GOVERNMENT CONSTRUCTION
CONTRACTS AWARDED IN HAWAII, BY AWARDING AGENCY: 1980 TO 1986

[Millions of dollars]

Year	Total	Federal	State	County
1980	230.6	66.5	120.0	44.1
1981	427.5	176.1	180.5	70.9
1982	392.7	139.6	182.0	71.2
1983	277.9	84.7	126.8	66.4
1984	411.8	130.0	196.7	85.1
1985	248.5	74.8	93.8	79.9
1986 (Jan-June) ..	190.9	20.8	96.3	73.8
1985: 1st Q	52.1	7.4	7.9	36.8
2nd Q	51.4	15.9	27.3	8.3
3rd Q	65.3	7.3	33.6	24.4
4th Q	79.7	44.2	25.0	10.4
1986: 1st Q	78.7	13.9	47.6	17.2
2nd Q	112.2	6.9	48.7	56.6
Percent change from corresponding period in previous year				
1980	-40.7	-37.1	-45.7	-28.8
1981	85.4	164.8	50.5	60.6
1982	-8.1	-20.7	0.8	0.4
1983	-29.3	-39.3	-30.3	-6.7
1984	48.2	53.4	55.1	28.2
1985	-39.6	-42.4	-52.3	-6.2
1986 (Jan-June) ..	84.4	-10.7	173.6	63.6
1985: 1st Q	-20.8	-14.3	-79.6	101.2
2nd Q	-58.8	-52.2	-65.1	-39.4
3rd Q	-22.4	23.7	-43.2	23.2
4th Q	-41.8	-46.2	17.4	-68.8
1986: 1st Q	51.0	87.3	500.6	-53.2
2nd Q	118.4	-56.6	78.9	585.1

Source: Trade Publishing Co., Building Industry
Digest: BID Service Weekly and First Hawaiian Bank, Research
Division.

Table 7-4.-- NUMBER OF SINGLE-FAMILY AND MULTI-FAMILY HOUSING UNITS
AUTHORIZED BY COUNTY: 1980 TO 1986

Year	State	City and County of Honolulu	Hawaii County	Kauai County	Maui County
Single family units (including duplexes):					
1980	4,058	1,645	1,204	401	808
1981	2,649	728	1,048	409	464
1982	2,285	725	800	230	530
1983	3,417	1,627	938	291	561
1984	4,442	2,513	928	361	640
1985	4,951	2,436	1,046	453	1,016
1985: 1st Q	802	329	239	85	149
2nd Q	1,236	650	251	88	247
3rd Q	1,644	841	318	181	304
4th Q	1,269	616	238	99	316
1986: 1st Q	(NA)	368	266	72	(NA)
2nd Q	(NA)	560	320	114	(NA)
Multi-family units (3 or more units per structure):					
1980	6,603	3,297	727	766	1,813
1981	3,142	1,873	270	64	935
1982	4,594	4,109	245	118	122
1983	1,341	1,220	38	73	10
1984	1,021	829	153	35	4
1985	2,450	1,807	128	84	431
1985: 1st Q	1,151	976	124	44	7
2nd Q	696	316	-	-	380
3rd Q	291	217	-	40	34
4th Q	312	298	4	-	10
1986: 1st Q	(NA)	1,207	-	-	(NA)
2nd Q	(NA)	289	-	-	(NA)

NA Not available.

Source: County building departments.

Table 7-5.-- CONSTRUCTION EMPLOYMENT AND EARNINGS, FOR HAWAII: 1980 TO 1986

Year	Total jobs	Average weekly hours	Full-time equivalent jobs <u>1/</u>	Insured unemployed persons <u>2/</u>	% un-employed <u>3/</u>	Average hourly earnings (in dollars)
1980	23,950	36.2	21,700	2,650	10.9	11.85
1981	21,900	36.2	19,800	3,500	15.0	13.13
1982	17,850	35.8	16,000	4,000	20.0	14.50
1983	17,800	37.2	16,500	2,850	14.7	15.80
1984	15,800	36.9	14,600	3,500	19.3	16.46
1985	16,950	36.5	15,450	(NA)	(NA)	17.14
1986 (Jan-June)	16,650	36.4	15,150	(NA)	(NA)	17.30
1985: 1st Q .	16,000	36.8	14,700	(NA)	(NA)	16.75
2nd Q .	16,950	36.0	15,250	(NA)	(NA)	16.75
3rd Q .	17,500	37.7	16,500	(NA)	(NA)	17.13
4th Q .	17,350	35.7	15,500	(NA)	(NA)	17.90
1986: 1st Q .	16,800	37.5	15,750	(NA)	(NA)	17.25
2nd Q .	16,500	35.2	14,500	(NA)	(NA)	17.34
Percent change from corresponding period in previous year						
1980	2.4	0.6	3.1	55.9	-	7.2
1981	-8.6	0.0	-7.1	32.1	-	11.2
1982	-18.5	-1.1	-19.2	14.3	-	9.4
1983	-0.3	3.9	3.4	-28.7	-	9.0
1984	-11.2	-1.6	-11.5	22.8	-	4.2
1985	7.3	-1.1	5.8	-	-	4.1
1986 (Jan-June)	1.2	0.0	1.0	-	-	3.3
1985: 1st Q .	-5.6	-3.4	-8.9	-	-	2.4
2nd Q .	0.0	0.6	0.7	-	-	1.2
3rd Q .	11.5	0.5	10.7	-	-	4.6
4th Q .	28.0	1.1	29.7	-	-	8.0
1986: 1st Q .	5.1	1.9	7.1	-	-	3.0
2nd Q .	-2.7	-2.2	-4.9	-	-	3.5

NA Not available.

1/ Equivalent number of jobs if all workers had worked a 40-hour week.2/ Since 1982, tabulations done once a week every quarter.3/ Percent unemployed is defined as the ratio of insured persons to the total of insured unemployed and full-time equivalent jobs, expressed as a percent.

Source: Hawaii State Department of Labor and Industrial Relations.

Table 7-6.-- HONOLULU CONSTRUCTION COST INDEXES: 1980 TO 1986

[1967=100]

Year 1/	Single-family residence			High-rise building		
	All components	Material prices	Labor 2/	All components	Material prices	Labor 2/
1980	283.2	263.8	307.8	290.1	270.5	307.1
1981	291.2	254.2	336.6	308.2	274.6	337.4
1982	304.7	250.6	373.0	330.3	281.4	372.8
1983	331.5	276.5	400.9	352.1	294.6	402.0
1984	348.2	281.4	432.5	367.2	294.5	430.2
1985	357.6	286.7	447.1	375.2	295.8	444.0
1985: March	352.6	281.8	442.0	370.1	291.5	438.3
June	356.3	288.4	442.0	373.1	297.0	439.1
Sept.	364.5	291.1	457.1	382.5	299.5	454.4
Dec.	363.0	287.5	458.3	381.1	295.7	455.1
1986: March	365.4	290.3	460.0	384.4	301.4	456.3
June	368.9	296.7	460.0	384.4	301.4	456.3
Percent change from corresponding period in previous year						
1980	6.4	6.2	6.6	9.8	13.8	6.8
1981	2.8	-3.6	9.4	6.3	1.5	9.9
1982	4.6	-1.4	10.8	7.2	2.5	10.5
1983	8.8	10.3	7.5	6.6	4.7	7.8
1984	5.0	1.8	7.8	4.3	0.0	7.0
1985	2.7	1.9	3.4	2.2	0.4	3.2
1985: March	1.3	-0.4	2.8	0.7	-1.5	2.1
June	2.6	2.9	2.4	1.6	1.0	2.0
Sept.	3.5	3.4	3.6	3.3	2.0	4.1
Dec.	3.6	3.2	3.9	3.3	1.4	4.3
1986: March	3.6	3.0	4.1	3.9	3.4	4.1
June	3.5	2.9	4.1	3.0	1.5	3.9

1/ Annual averages unless otherwise specified.

2/ Includes wages and benefits.

Source: First Hawaiian Bank, Research Division.

Table 8-1.-- RECENT ECONOMIC AND DEMOGRAPHIC TRENDS: STATE OF HAWAII

Series 1/	Unit	Period 2/	Number	Percent change from same period in previous year
Resident population (p)	Persons	7/1/85	1,053,900	1.6
City and County of Honolulu (p)	Persons	7/1/85	814,600	1.5
Hawaii County (p)	Persons	7/1/85	109,200	1.9
Kauai County (p)	Persons	7/1/85	44,800	1.4
Maui County (p)	Persons	7/1/85	86,800	2.1
Personal income	\$ Million	1985	14,558	6.3
Consumer price index (Honolulu)				
All items	(1967=100)	June	299.2	1.9
Food prices	(1967=100)	June	337.3	1.7
Construction				
Private permits 3/.....	\$ Million	Jan-June	402.5	29.2
Residential permits	\$ Million	Jan-June	185.5	-3.0
New single-family units	Number	Jan-June	1,770	7.8
New multi-family units	Number	Jan-June	1,508	3.3
Commercial & industrial	\$ Million	Jan-June	126.4	157.5
Additions & alterations	\$ Million	Jan-June	90.5	26.8
Government contracts awarded ...	\$ Million	Jan-June	190.0	84.4
Construction cost indexes (Hon.)				
Single family	(1967=100)	June	368.9	3.5
High-rise buildings	(1967=100)	June	384.4	3.0
Employment				
Civilian labor force	Persons	Jan-June	494,550	3.1
Civilian employment	Persons	Jan-June	466,800	3.3
Civilian unemployment	Persons	Jan-June	27,700	0.2
Unemployment rate	Percent	Jan-June	5.6	-
Total jobs	Number	Jan-June	475,350	1.6
Visitor industry				
Total visitors	Number	Jan-June	2,802,620	15.3
Westbound	Number	Jan-June	2,178,180	17.6
Eastbound	Number	Jan-June	624,440	7.8
Visitor expenditures	\$ Million	1985	4,884	6.6
Hotel units	Number	February	66,308	0.6
Defense expenditures	\$ Million	1985	1,965.4	5.3
Sugar production	\$ Million	1984	393.0	-4.2
Pineapple sales	\$ Million	1984	249.6	14.0

p Provisional estimates.

1/ Statewide data unless indicated otherwise.

2/ Data for 1986 unless otherwise noted.

3/ Excludes data for Maui County.